Daily Report

Latin America

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FBIS-LAT-95-168 *30 August 1995*

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Parlatino on Ways To Check Narcotics Money Laundering

PY2908175995 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Aug 95 p C7

[Article by Renato Lombardi]

[FBIS Translated Text] Forty Latin American deputies have discussed in Sao Paulo, from 16 to 18 August, ways of preventing drug trafficking from advancing. The Sixth Meeting of the Committee for Drug Enforcement in Latin America took place in the Latin American Parliament (Parlatino) office, in Barra Funda District, in the capital of Sao Paulo. One of the topics discussed during the meeting was money laundering by the Colombian cartels, which, according to reports by U.S. antinarcotics organizations, move $300 billion per year.

The deputies also discussed the use of informatics to fight drug trafficking. Thomas Cliemem, of the Research and Informatics Department of the DEA (the U.S. Government organization responsible for fighting drug trafficking), explained that Brazil is one of the countries that does not have information about drugs and money laundering.

The U.S. deputies have presented a booklet with information on how the administrations must act to investigate whether money is being laundered in their countries. Among the circumstances to be analyzed are deposits made with $50 and $100 bills, transferences of large sums, and successive withdrawals of large sums from a single account on the same day.

A Justice Ministry report, based on investigations conducted by the Federal Police, reveals that in Brazil narcotics money is again used to finance the various stages of drug production and distribution. The money goes through a sophisticated process until it becomes legal. The process involves fictitious Brazilian enterprises which, in collusion with exchange stores and the clandestine dollar market, make the transferences.

Often, drug traffickers form partnerships with multinational banking institutions, particularly those operating in fiscal havens, which accept deposits of doubtful origin. These deposits are protected by bank secrecy laws and the money laundering process is complex. In the opinion of Senator Romeu Tuma (independent), who is an Interpol vice president, each money laundering operation leaves tracks that can make investigations easier.

According to Tuma, the drug traffickers have mounted an overall production line that goes from planting the drug to its distribution. In Brazil, the drug traffickers are specialized in transporting and packing drugs. To launder money, they hire experts and institutions and pay high prices for the process.

The Justice Ministry document reports that narcotics r - lated financial remittances are also made by fake enterprises that are legally registered in Brazil. These organizations remit the money to other similar enterprises abroad, which conclude the operation. A large amount of the money leaves the country through the dollar parallel market. The exchange stores send the money to accounts opened abroad.

Other sums are sent abroad through the tourism-dollar exchange market or Central Bank Circular Letter No. 5 — the CC-5 — which allows Brazilians who are nonresidents abroad to deposit money in foreign countries. The drug traffickers also use more risky and less effective means, such as people who take large quantities of money abroad via commercial flights, or by pasting the bills to one's body and camouflaging them with thick clothes. Gold purchases are another mechanism used to launder money.

The fight against illegal remittance of currency abroad will only become effective when Brazil adopts laws similar to the U.S. ones. They contemplate the immediate confiscation of any sum being taken abroad or being used in suspect banking or financial operations.

In the United States, all confiscated money reverts to the police institutions, which reinvest it in modernizing and expanding their structures in order to fight organized crime. The Brazilian authorities are negotiating with the Inter-American Committee for the Control of Drug Abuse, which is linked to the OAS [Organization of American States], the measures required to change the current laws and make possible the adoption, by the different member countries, of common instruments that can enable them to deal with the flow of dirty money worldwide.

A Central Bank internal document admits that despite the current strict exchange norms and the various measures that have been implemented by the government "it is impossible for the authorities to prevent illegal operations in the exchange market." Among the channels that allow the illegal draining of currency, the document identifies the free-tax market, the underinvoicing of exports, and the overinvoicing of imports.

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Cuba

U.S. Return of Illegal Immigrants Reported

PA2908190095 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Aug 95

[From the "National Radio News" newscast]

[FBIS Translated Text] U.S. Interests Section officials on the island yesterday received another 21 Cubans who tried to emigrate illegally to U.S. territory. These Cubans were intercepted aboard two rustic boats near Anguilla Cays and Bermuda Island, respectively.

Of the 21 Cubans, 16 are residents of the Province of Villa Clara and the remaining five reside in Ciego de Avila. According to a report published today by GRANMA daily, the emigrants were received by U.S. officials in U.S. Coast Guard boat 264, in the presence of Cuban Border Guard troops and Foreign Relations Ministry officials. They were later taken to a reception center, where they were attended to and a routine medical checkup was practiced. After this, they were returned to their homes.

Once more, U.S. authorities explained to those intercepted that their illegal departure attempt does not give them a priority to emigrate to the United States. This new repatriation is made in compliance with the immigration agreements adopted recently between Washington and Havana.

Exile Flotilla Plan 'Dangerous Provocation'

PA3008042195 Havana PRENSA LATINA in Spanish 1253 GMT 29 Aug 95

[FBIS Translated Text] Havana, 29 Aug (PL) — The announced intention of Cuban-born North Americans to violate Cuban water and air space today was described here as flotilla-gangsterism [pluripandillismo] and a dangerous provocation.

In a half-page long editorial, the daily GRANMA refers to the pretense of reactionary emigrants to approach Cuba's 12-mile sea limits Saturday to call for civil disobedience against the government, as the flotilla organizers have proclaimed.

This project would be the second of its type in a little over a month. On 13 July, a group of ships from Florida entered Cuban jurisdictional waters — and airplanes, also from the United States, flew over Havana — and were forced to return by Cuban Border Guard Forces.

According to GRANMA, the persons dedicated to these actions are part of "a mafia involved in the business of the war being waged against Cuba from counterrevolutionary radio stations in U.S. territory, the halls of Congress, and military training fields."

The daily describes the current plans as a dirty war that includes the participation of yachts and boats with "paid banditos, small planes either rented or bought with money secured from the war against Cuba, and obscure individuals."

The editorial states: The chieftains of the flotilla have sold the phony notion that they constitute a group of dispossessed and unselfish pro-democracy fighters who are in favor of peaceful solutions. "An unadulterated Miami script, all of it," the daily noted.

The editorial states that the majority of the promoters of and participants in the flotilla have made fortunes in the business of the war against the Antillean nation and with the flotilla they are trying "to increase their individual bank accounts as well as those opened to finance violent subversion plans against national territory."

Those provocations have the objective of creating an incident "to kindle differences" between the Caribbean country and the United States. The provocation will also serve as training for terrorist plans to attack strategic objectives of the Cuban economy, GRANMA reports.

The Havana Government has reiterated that it will not tolerate any violation of its borders and will act, in the exercise of its sovereignty, as it sees fit.

DPRK Ambassador Observes 35th Anniversary of Ties

FL3008021495 Havana Radio Rebelde Network in Spanish 2300 GMT 29 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] The 35th anniversary of the establishment of diplomatic ties between Cuba and the DPRK was observed at the Cuban Institute of Friendship with Peoples where DPRK Ambassador Kim Sung-yong stressed the high level of friendly ties between the two nations and the cooperation and mutual support carried out in politics, the economy, culture, and the construction of socialism from the beginning.

[Begin Kim recording] I am convinced that the relations of friendship between Cuba and the DPRK will continue to develop in an outstanding manner from generation to generation. I would like to take this opportunity to warmly commemorate the 35th anniversary of the establishment of diplomatic ties between our two nations. [end recording]

During the closing address, Vice Foreign Minister Benigno Perez stressed that the growing pace of ties between Cuba and the DPRK has constantly been in the minds of the leaders of both nations.

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Beginning of CDR Anniversary Celebrations Reported

PA2908222695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Aug 95

[From the "NTV Newscast"]

[FBIS Translated Text] The celebrations of the 35th anniversary of the CDR [Committees for the Defense of the Revolution] have begun. Here is a report by Felix Hernando Garrido on the presence of hundreds of Havana residents at the fair on Galeano Street where the commemoration began.

[Begin recording] [Garrido] Why is this being done for the people?

[Unidentified man] Because I believe that the 35th anniversary of the CDR must be dedicated to the people who have resisted and fought, a people who are showing their spirit of victory, and they have done it with much patriotism and joy. For this reason, we have recommended that all activities be an homage to our courageous people. [end recording]

Along Galeano Street, products were offered, and small appliances, utensils, and shoes were repaired. The celebrations for the 35th CDR anniversary will continue until the end of September.

Tomorrow, the CDR contribution throughout the country will be working on tasks related to the sugar harvest.

Activities To Include Air Raid Drills

FL3008021295 Havana Radio Rebelde Network in Spanish 2300 GMT 29 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] Defense Day, to be held on 10 September in Havana, will be dedicated to the 35th anniversary of the Committees for the Defense of the Revolution [CDR]. On this day, air raid sirens will be activated at 0800 and the population will be instructed to proceed to shelters. The CDR evacuation commissions will update the corresponding documentation and a dry-run exercise will be conducted to collect identification cards, medicines, food, clothing, and other necessary items, up to 40 pounds for adults and 30 pounds for minors.

The Playa and La Lisa Municipalities will be the main stages for the Defense Day activities, which will also include classes on measures to be taken in case of fire, and first aid for fire victims.

Youth Celebrate CDR Anniversary

PA2908172595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Aug 95

[Report by Ivan Pino, from the "NTV Newscast"]

[FBIS Translated Text] On the occasion of the 35th anniversary of the CDR [Committees for the Defense of the Revolution] and to celebrate the end of summer in the capital, the UJC [Young Communists Union] has decided to offer a dynamic and festive atmosphere with the support of prominent musical groups.

A Toast to Salsa, which was the name given to the festival, is being held at Havana's Malecon this last weekend of August. La Punta, La Fuente de la Juventud, and La Piragua are three key locations for any experienced Havana resident. These locations have been offering recorded or live music by famous groups from Friday until Sunday, always in the evening.

Bamboleo has already performed, and, this evening, Jiraquero will play at La Piragua and Clubman at La Punta. These are options that seemed to be well-received.

[Begin recording] [First unidentified speaker] I think it is an opportunity for young people to enjoy themselves and have fun with the performers.

[Second unidentified speaker] This is a great [words indistinct] the Cuban youths have enjoyed a great vacation time.

[Pino] How are you doing?

[Third unidentified speaker] Great!

[Pino] Do you think you will have the energy to come here three evenings in a row?

[Fourth unidentified speaker] Not three, but 100 evenings.

[Pino] For the last evening, the closing at La Piragua will feature Paulito and his [word indistinct], jointly with the grand finale of the Karaoke festival, an activity sponsored by the CDR and the UJC and one which this young woman did not want to miss.

[Fourth unidentified speaker] Tell everyone to come on out. [end recording]

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National Assembly Head on 5th Regular Period of Sessions

PA2908122095 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Aug 95

[Report by Gisela Bell Heredia from the "National Radio News" newscast]

[FBIS Translated Text] The permanent commissions of the National Assembly of the People's Government will meet on 3 September as we have reported, prior to the fifth regular period of sessions scheduled to begin on 4 September in the Conventions Palace. Gisela Bell Heredia has the details.

[Bell Heredia] The agenda of the session has been approved and is already in the hands of the deputies. We will talk about its contents with Dr. Ricardo Alarcon de Quezada, president of the National Assembly:

[Begin recording] [Alarcon] Undoubtedly, the foreign investments bill will be the most important issue. The session will also receive information on the development of the aquaculture project and on matters about Council of State activities.

I would say the predominant issue right now is the foreign investments bill. Deputies are carrying out debates. Much progress has been made. Some important changes have been made. We are approaching 4 September with possibilities of having the bill passed with broad approval from the majority.

[Bell Heredia] This has been the only period of sessions that has been delayed. Is this bill the cause?

[Alarcon] I would agree with that. This is perhaps the most important bill pending, but it had to be carefully prepared, discussed, and consulted. Besides, we must take into consideration that this year there were municipal elections, the integration of municipal assemblies, and people's councils.

During May, June, and July, the Assembly of the People's Government was very busy on matters that are also very important. There was an initial phase in the elaboration of the bill. We have been working in recent weeks to prepare conditions to have a previous discussion of the bill. [end recording]

The National Defense and the Productive Activities commissions will meet, in addition to Sunday, on 2 September in order to complete the work summary they will present in preparation for the forthcoming regular session of our parliament.

Western Army Reviews Defense Preparation Tasks

PA2908174795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Aug 95

[From the "NTV Newscast"]

[FBIS Translated Text] The Western Army has earned good marks after the completion of the first period of defense preparation.

Western Army troops [words indistinct] in Havana City upon the conclusion of the first half of the year. Western Army members built spare parts for Los Palacios Rice Processing Plant, the city's hospitals, and [words indistinct].

In today's review of the Western Army, it was also learned that the great 12-70 Tank Unit was the most successful in the military preparation. Army experts chose it as the winner among the rapid deployment units, taking into account the objectives highlighted by the Cuban Army and its leadership. This unit emphasizes the preparation of personnel in the military area, as well as in the priority task of recent times: self-financing.

In addition, with regard to cumulative results in another eight categories, the winners were: a division, an infantry brigade, a chemical regiment, a supply base, a missile group, the Pinar del Rio Provincial General Staff, the Camilo Cienfuegos School of [name indistinct], and Pinar del Rio's Provincial Defense Preparation School.

Western Army Chief General Leopoldo Cintra Frias and top ranking officers of that command presided over the event.

Minister Acknowledges Foreign Investments Lift

PA3008011995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 29 Aug 95

[Report by Ori Fuentes; from the "NTV Newscast"]

[FBIS Translated Text] Cuban Economy and Planning Minister Jose Luis Rodriguez has discussed with Villa Clara leaders and economists the country's current situation and the outlook for next year.

It has been reported that at the end of this half year the Cuban economy's GNP had grown by 2 percent. One of the factors that contributed to this result is the opening to foreign investments.

At the end of May, the country had signed 212 agreements for economic associations with foreign capital. Investments on tourism, mining, oil, and telecommunications have been the most outstanding.

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[Begin Rodriguez recording] Investments in these sectors have had positive results and have contributed to the country's development, especially in these fields. It has made the recovery of these fields possible. The production of nickel in 1995 is beginning to approach the pre-crisis level, that is, the 46,000 metric tons we produced in 1989.

The oil production mark is above our highest oil production level before 1989, which was 986,000 metric tons. This year we should produce approximately 1.4 million metric tons. [end recording]

The Cuban minister commented on the circulation of foreign exchange in the country. He recalled that one year ago, the black market dollar cost 150 pesos. He noted that in recent months the dollar has suffered a resounding fall.

[Begin Rodriguez recording] This has not been confirmed, but according to reports, yesterday the dollar was being bought in some Havana spots for eight pesos.

This has a speculative and psychological effect: Judging from the dollar volume entering circulation, these dollars are not from remittances — that is, money arriving from abroad — but dollars that had been in the country all the time, stacked away.

What is happening? Those who have saved dollars and find themselves with the kind of situation in which they need pesos and have noticed that the purchasing power of the dollar is dropping, are now trying to convert their dollars and this in turn increases the dollar supply and is creating some panic. It is as if stock market shares had begun to lose value. The dollar represents the shares, it is beginning to lose value, and everybody wants to get rid of it. This is happening in the open market. This is not an activity controled by the state or anything like that, in spite of press agency reports that the state is selling dollars.

I wish we had dollars, not to sell them but to use them on things we need. [end recording]

Jose Luis Rodriguez referred to analyses on the prices of some products that are expensive and to bringing health to internal finances.

Peso's Increase in Value Analyzed

PA3008011095 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Aug 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban weekly TRABAJADORES has stated the recovery the Cuban currency has had in the informal market with regard to the dollar has solid basis as well as subjective and psychological elements.

In a thorough analysis of this surprising gain in value by the Cuban peso, a TRABAJADORES article states there has been a change of perception, with the people now envisaging certain economic recovery.

The weekly has stated that no exaggerated hopes should be raised about the gain in value of the Cuban peso in the informal market. It has recalled that true solutions will arrive once the industrial sector begins producing at full capacity, once there are rich harvest seasons, once there is the necessary income of foreign exchange, and once there are changes based on national and international monetary and banking policies.

The peso value issue became very polemical in recent days with the dollar being quoted for eight pesos, compared to the previous 35 pesos value that had been steady for several months. One dollar cost 140 pesos last year.

Trade Unions Secretary General on Sugarcane Activities

PA2908220695 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Aug 95

[From the "National Radio News" newscast]

[FBIS Translated Text] September is bringing the need to reinforce the mobilization of personnel for sugarcane activities as well as for other farming tasks, TRABAJADORES stated in its editorial today. It added that more than 8,000 caballerias of sugarcane must be planted in September in order to guarantee the continuation of the crop improvement effort for next year. It stated that these two agricultural areas in September involve a huge effort in the use of machinery and the mobilization of the labor force in order to cover the deficit; consequently, there is a peak in the activities this period demands.

The basic principle is that there should not be one single task in the entire country lacking the necessary hands to perform it. The labor movement throughout the country plays a key role in the great mobilization for September's farm work, and it must also guarantee there will be quality in it, TRABAJADORES commented today.

During the program "Making Radio," Pedro Ross Leal, secretary general of the Central Organization of Cuban Trade Unions, mentioned the status of the mobilization:

[Begin Ross Leal recording] It is in the preparation phase. It is in the phase of determining the forces that must be mobilized. It is in the phase of creating

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the conditions at the sites, creating the conditions for the people's work, and talking with those who will be mobilized. We must not wait for 1 September. We are talking about September as a peak month. We must do all we can, however, in August, and we still have two more days left in this month. Every day is important. We cannot waste one single day. [end recording]

Sugar Industry Ministry To Conduct Management Workshops

FL3008021195 Havana Radio Rebelde Network in Spanish 2300 GMT 29 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] The Sugar Industry Ministry will conduct a series of events during September and October to train management personnel in sectors linked to the diverse sugarcane processes in preparation for the next harvest. The first of these meetings will take place from 30 August to 1 September, will include every mill manager and will address maintenance and repair policies, the decentralized use of the work force, and a general incentive program. They also discuss industrial efficiency and the accords recently reached in meetings by machinery and equipment chiefs.

Call For Equal Job Opportunity in Tourism Sector

PA2808224595 Havana PRENSA LATINA in Spanish 1650 GMT 27 Aug 95

[FBIS Translated Text] Havana, 27 Aug (PL) — A call for a more effective use of job openings in the tourist sector in light of the economic expansion prompted by foreign investment was made today by JUVENTUD REBELDE, mouthpiece of the Cuban Communist youth.

In an editorial, the daily criticizes the fact that sometimes the graduates from cooking schools specializing in tourism or joint capital industry are displaced in favor of the employer's friends or relatives, who are often less qualified for the positions.

"Access to these places should be gained through an employment agency on the basis that all candidates have equal opportunities," the newspaper emphasizes.

The job openings which are created in that economic sector — in full swing — should be filled by graduates of tourism schools and workers who were left idle following a reduction of capacities within the so-called smokeless industry.

It also refers to the contributions in convertible currency by tourism workers to the area of public health and the financing of sectors related to the preparation and operation of the sugarcane harvest in Cuba.

Cuba's first export product has suffered progressive reductions in the past three years because of a lack of fertilizers, spare parts, and fuel, triggered by the disappearance of its leading trade partners: the European Socialist bloc and the Soviet Union.

Roundup of Cuban Economic Developments

PA2908202095

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 29 August.

Cuba invested about $10 million in school supplies, boarding school equipment, and in school repairs to guarantee the next school year that will start on 4 September, newspaper GRANMA reported in Havana today, according to a 26 August report datelined Havana. Each year Cuba invests 977 pesos — same amount in dollars at the official exchange — on each student, including those children attending child care centers. (Havana PRENSA LATINA in Spanish 1600 GMT 26 Aug 95)

The (Sheritt) Company of Canada, which has invested in Cuba for the past three years, has donated $100,000 to finance youth programs in Havana during the current summer season. (Havana Radio Havana Cuba in Spanish 1300 GMT 26 Aug 95)

The Guantanamo salt factory, which produces more than 70 percent of the salt that the country consumes, plans to produce 83,000 metric tons this year. It is currently, however, affected by heavy rains in the area where several of its units are located. The factory's production chief said that the rain damaged crystallized salt and prevents workers from continuing the crystallization process. Between July and so far in August, 597 millimeters of rain have fallen on those units. This is virtually the same figure as the one historically recorded for the entire year. (Havana Radio Rebelde Network in Spanish 1700 GMT 25 Aug 95)

In response to a call by the national leadership of the Committees for the Defense of the Revolution, CDR, more than 10,000 Santiago de Cuba CDR members on 27 August supported sugarcane works to mark the selection of their province as host of the ceremony to mark the 35th anniversary of the CDR founding. Weeding and planting were the main tasks that they carried out voluntarily. Meanwhile, in Havana Province, some 4,000 CDR members weeded sugarcane areas to mark the 35th anniversary of this mass organization. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 28 Aug 95)

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Haiti

Manus Declares Electoral Campaign 'Officially Opened'

PA2908214595 Port-au-Prince Signal FM Radio in French 1030 GMT 29 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The electoral campaign for the second round of the Haitian elections is officially opened. Provisional Electoral Council [CEP] Vice-President Leon Manus has declared the electoral campaign for the second round of the Haitian legislative and municipal elections of 1995 officially opened. Mr. Manus explained that such an announcement concerns the Haitian people, in general, and the candidates and political parties, in particular.

The CEP takes this opportunity to reaffirm its willingness to carry these elections through while respecting the electoral law, with the collaboration of all directly-concerned sectors, and in a credible manner.

Mr. Manus informed that the CEP has decided to intensify the civic education campaign and to initiate a thorough reform in the electoral machine while remaining widely open to the assistance and collaboration of all including the international community.

According to Leon Manus, the CEP has also decided to widen the role and participation of the Monitoring and Electoral Control Unit, USCE, made up of representatives of political parties and independent candidates, to resume the elections in some districts in the country, and to demand a free access to the state-owned media for all candidates. [passage omitted]

The vice-president of the electoral institution has also convened all sectors involved (?in the elections) to participate in the electoral campaign in peace and respectful of adverse opinions, an electoral campaign — which he thinks — will mark one more step by the Haitian people toward the difficult way to democracy.

Minister Exume Acknowledges Slowness in Judicial Machine

PA2908214695 Port-au-Prince Signal FM Radio in French 1030 GMT 29 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The Haitian Justice Minister Jean-Joseph Exume acknowledged yesterday the slowness of the functioning of the judicial machine in Haiti. The situation prevailing in Haiti at this time is not new, he asserted.

However, Exume has committed himself to having justice triumph in the country.

About a possible extradition of Mr. Emmanuel Constant, leader of the Revolutionary Front for the Promotion and Progress of Haiti, FRAPH, the Haitian Justice Minister Jean-Joseph Exume, expressed the wish of the government of Port-au-Prince to (?have Mr. Constant repatriated) for his trial. [passage omitted]

350 New Policemen Graduate, Take Oath

PA2908214395 Port-au-Prince Signal FM Radio in French 1030 GMT 29 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The Haitian National Police held a ceremony for the 350 new officers of the Jean-Marie Vincent class, in memory of Father Jean-Marie Vincent who was assassinated in Port-au-Prince on 28 August 1994. They took the oath yesterday morning at the National Palace in the presence of the head of state Jean-Bertrand Aristide, several representatives of the international community, and Haitian government officials.

During a sermon delivered in mass at the National Palace for the graduation, the Jeremie bishop, Monsignor Willy Romelus invited the recipients to put themselves in the service of the others in a spirit of love, fraternity, and union.

In the presence of several priests including close friends of Father Jean-Marie Vincent, the prelate advocated the respect for human dignity and the fundamental rights of each Haitian. Recalling the work performed by Father Vincent, the Jeremie bishop pointed out that those who wanted to stand in the way of democracy sacrificed Father Jean-Marie Vincent and yet he continues to live in the hearts of all. [passage omitted]

For his part, Haitian head of state Jean-Bertrand Aristide invited these guarantors of social security to work jointly with the Ministry of Justice in order to guarantee order and safety in the country in the light of Article 273 of the Haitian Constitution.

Recalling the circumstances under which he escaped the murder attempts of Frecyneau, not far from Saint-Marc, in the company of several other priests including Father Jean-Marie Vincent, the president deemed it distressing and revolting that — according to him — certain individuals are still striving to keep the status quo within the judicial machine.

[Begin Aristide recording, in Creole] It is distressing and it is even revolting when the head of state, who is duty bound to see to it that justice is rendered to all Haitians, notes on the one hand that there is much good faith and goodwill to have the judicial machine move

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forward on the side of a certain number of people and, on the other hand, that the same conviction, the same tolerance, and the same cowardice that used to prevent the judicial machine from rendering justice still exists. [words indistinct] of Father Jean-Marie, our brother, so that we encourage them when we note that the people working in the judicial machine makes efforts like Monsignor Romelus did when he was talking about the security that has entered the country and encouraged all those who have joined hands so the Haitian people can live in peace, love, and justice. [end recording]

Besides Prime Minister Smarck Michel and several of his ministers, diplomats accredited to the country including the ambassadors of Nationalist China and the United States, respectively Mr. Lee Nan Sing and Mr. William Lacy Swing attended the ceremony. The special representative of the secretary general of the UN Mission in Haiti, Algerian Lakhdar Brahimi and U.S. General Joe Kinzer were also present.

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Secretary on Governor's Suing Executive Branch

PA2508143895 Mexico City LA JORNADA in Spanish 24 Aug 95

[Report by Salvador Guerrero — received via Internet]

[FBIS Translated Text] Government Secretary Emilio Chuayffet has said that in suing the executive branch, Tabasco State Governor Roberto Madrazo is simply exercising a constitutional right.

The chief of state "likes to see rights being exercised," the secretary added. Secretary Emilio Chuayffet has said he favors the "weakening of authoritarianism" and, personally speaking, the withdrawal of the executive branch from the Federal Electoral Institute [IFE].

Alluding to the suit, Madrazo has introduced at the Office of the Attorney General of the Republic [PGR], Secretary Emilio Chuayffet has affirmed: "Curiously, certain people are shocked by unfamiliar actions taking place in Mexico. We are not surprised. A state of law implies that this and many other legal actions envisaged in the Constitution and in constitutional laws can be invoked."

Secretary Emilio Chuayffet had unexpectedly agreed to talk with reporters.

He has expressed regret over the existence of "practices of inertia" that delay democratic progress. He has said it is probable that one requirement that must be met to renew the dialogue is that an IFE general director be appointed. He hopes the dialogue is renewed soon and has said he is the beneficiary of a relationship of appreciation and respect with his predecessor, Esteban Moctezuma, a presidential adviser and who is responsible for promoting federalism.

He has said a dialogue "is taking place in the chambers to reform Congress' organic laws in order to strengthen the legislative branch and to weaken authoritarianism. We cannot deny it: There are practices of inertia in Mexico that, unfortunately, delay our transition to a more democratic system," he has complained.

The appointment of the IFE director "will result from a dialogue between the parties and myself," he has said, remarking that he has received no proposal that he serve as receptor of party recommendations. He has said this "is being discussed in order to be very clear in the dialogue we are having with the parties represented in Congress."

Can they arrive at the dialogue table with a prepared agreement? Probably.

Secretary Emilio Chuayffet spoke in favor of a larger citizen participation in electoral organizations. He has said he personally believes in the withdrawal of the executive branch from the IFE presidency, which he himself will assume in September.

Secretary Emilio Chuayffet has said: "I do not want to make public this opinion about the withdrawal of the executive branch, because this opinion is not one of the secretary of government but of Emilio Chuayffet. I believe that as the electoral reform progresses, we have to secure more impartiality, more cleanness, more openness, and something fundamental: fair competition."

Secretary Emilio Chuayffet was leaving the Government Secretariat building area when he was approached. His Suburban van stopped a few meters down the avenue, and he stepped out of it and walked toward two reporters to whom he had just waved from his car window and greeted them. He defended his position of not accepting impromptu interviews. Then he began answering the first of 22 questions.

He has said that the dialogue has not been interrupted and that the negotiations table is an instrument of the dialogue.

The process, he has said, continues between the parties and the Government Secretariat and includes federalism, electoral reforms, the media, and has taken place in the Chamber of Deputies and the Chamber of Senators, with the states' governments, the representatives of which are meeting on 24 August.

No party "has been reluctant to talk; they have been active, respectful, and have also been positive, and we have sat down many times."

"I hope that as soon as possible" talks resume in order to allow, after agreements and consensus, legal and administrative reforms that will make electoral and state reforms a reality.

He has said that probably in the next period of sessions Congress may be able to deal with the proposal of redistributing federal income in municipalities, as has been requested, among others, by Juarez Mayor Francisco Villareal Torres, whom the official has already received.

He has alluded to his meetings with his predecessor in the Government Secretariat. "Esteban Moctezuma and I not only have a personal relationship of affection but also a relationship of work now that he has assumed this responsibility. It is very intense and coincides with the president's intention of strengthening and bolstering a new federalism."

He has said the secretariat under him is tasked with drafting the National Plan To Bolster Federalism, which

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is included in the PND [National Development Plan]: "Our people are working on this issue, and, obviously, we are coordinating with Esteban Moctezuma, who is tasked with advising the president on this matter."

He has said discussions in meetings on the subject have been held on the federation's redistribution of authority and features and on the other two levels of government; that is, strengthening coordination mechanisms and a scheme that can substitute the current fiscal redistribution scheme.

He believes that speaking about overcoming the deadlock in dialogue is incorrect, because the dialogue is ongoing.

"The agreement table has two purposes: to ensure that agreements are reached, that it be a meeting of agreement with all the consensus, and secondly, that it be a verification table for the headway in each subject, because in this way we will have the opportunity to respond to the president's summon of making a serious and in-depth reform of the Mexican State." Questions that come up, he added, should not stop discussing the reform.

If the solution of every specific affair is going to become the prerequisite to sit down at the table, he has said, this will never end.

PGR Discloses Calls Made to Presidency by Accused Killer

PA2908035095 Mexico City Radio Red Network in Spanish 0000 GMT 29 Aug 95

[Report by Leonardo Rosas Gonzalez; from "The Night Monitor" newscast]

[FBIS Translated Text] The Attorney General's Office [PGR] has made information public on the [two-second break in reception] that were installed days before the murder of Luis Donaldo Colosio in Lomas Taurinas [two-second break in reception] much talk about whether certain telephones lines directly accessing Los Pinos presidential residence were installed, where calls from the alleged second shooter, Oton Cortez Vasquez, were supposedly received. He called several times from Tijuana. The PGR has reported on these incidents.

[Rosas] On 2 September, more people could be found to be involved in the case of Colosio's murder. This information came from the meeting senators of the Special Commission held with Attorney General Antonio Lozano Gracia.

Guillermo Del Rio Ortegon, a Party of the Democratic Revolution [PRD] legislator, disclosed that the names of very prominent officials of the Institutional Revolutionary Party, the Presidential Staff, and the police are included in a long list of telephone calls Cortez made from Tijuana, Baja California State, to Los Pinos days before Colosio was murdered in Lomas Taurinas neighborhood.

The PRD senator explained that the telephone calls the alleged second shooter on the Colosio case made were identified and documented with information the Mexican Telephone Company provided.

Del Rio pointed out that Cortez's calls were received on three telephones that had been installed at Los Pinos, including one that was installed in the Press Room.

Some of the people whose names are included in that list have even been subpoenaed to testify, and their situations could be made public one day after the presidential message to the nation is delivered. Senator Del Rio affirmed that Cortez is the key to resolving the case.

[Begin Del Rio recording] Calls Cortes made from Tijuana to certain people were received on those telephones. There is a long list of calls Cortez made to policemen, staff members, politicians, and officials. These calls, these details, these documents, and this evidence could soon lead us to a solution, taking advantage of favorable circumstances across which we will run starting on 1 September, when we will start seeing the results of the investigation, as Mexican society is demanding. [end recording]

Del Rio maintained that no one has been acquitted in Colosio's murder, adding that the country would be strengthened if it could be shown that Carlos Salinas de Gortari and Jose Cordoba de Montoya were the masterminds of this crime.

[Begin Del Rio recording, in progress] ...which means that it is not an indiscretion, but a truth that people must know to remain calm and learn that this situation will not go unpunished. In addition, I am once more asking and demanding that the president devote one or two paragraphs in his message to the Mexican nation to this case, emphasizing his political resolve and determination to help fell whoever has to fall, including the big shots who are behind this affair and this conspiracy. [end recording]

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PRD Congress Strengthens Party Structure

PA3008041095 Mexico City LA JORNADA in Spanish 28 Aug 95

[Report by Jose Zaldza and Rosa Icela Rodriguez; received via Internet]

[FBIS Translated Text] Oaxtepec, Morelos State, 27 Aug — With the national and international referendum organized by the Zapatists as a background, the Party of the Democratic Revolution (PRD) concluded its third National Congress with a stance clearly in favor of a pact with the government and other political forces to achieve a political transition and with the current phenomenon of two figures who, beyond the institutional nature they seek to give the party, will continue to attract spotlights, microphones, and, maybe, controversy.

The PRD has already taken the first step: a nod to dialogue with the executive branch. Now it still has to outline its stance for 1 September, in the face of the first State of the Nation Address. The prevailing mood among most PRD leaders is that, at least in the near future, the path toward an agreement proposed in the political guidelines approved by the Congress will yield results if the government accepts the challenge.

The plenum approved on Sunday a proposal submitted by the table that debated the topic of social movements, which established the policy of promoting "a national alliance with social and civic organizations, including the EZLN [Zapatist National Liberation Army] for the purpose of creating a national front for a peaceful transition." The basic idea is "to create a primary coordinating structure with the social movements" of the country.

The Congress also approved an addendum to the document regarding the policy proposed by the Cardenist group. The addendum decried the agreements signed last February by President Ernesto Zedillo and his U.S. counterpart Bill Clinton, which, quoting the former Michoacan State governor, sought to "regain control over our oil and also over the areas the Mexican Government has yielded to the U.S. Government."

The Congress delegates began to cast their votes early at the eight ballot boxes placed around the debate area to carry out a consultation. Cardenas voted at noon, surrounded by reporters and in the company of Andres Manuel Lopez Obrador. PRD President Porfirio Munoz Ledo chose to vote at the conclusion of the Congress. At 1630 the delegates were getting on their buses for the return trip home.

Munoz Ledo and Cardenas, with all their differences, views, and even timings, today were at the center of the closing event. "There will always be different views in any organization. To presume that everybody will be in agreement and there will be no questions is something that we will not find anywhere. What is important here is that the PRD has found a way to maintain internal unity. This goes beyond maintaining respect for dissidence and those who at a given moment disagree with the view by the majority," Cardenas said during a morning conversation with reporters.

Uncharacteristically, Munoz Ledo spoke little with reporters, or during the news conference held at the end of the Congress. He barely spoke, and when he did it was to ask some of his fellow party members to answer the reporters' questions.

"The results of the Congress are obvious for all who see. We strengthened the organization and the institutional nature of the PRD, and we acted in full view of the party and public opinion. Someday, people will talk of the Oaxtepec spirit," Munoz Ledo said at the beginning of the news conference.

For the PRD president, the test of fire for the government resolve dealing with the willingness to change will come from the issue of electoral results, but he explained that "we are not optimistic in the short run, and we are concerned about Chiapas and Michoacan, where we think the ruling party is concocting a major fraud instead of setting an example for the next elections."

Questioned on the Zapatist consultation, Munoz assessed that the EZLN is on its way to joining the "peaceful forging of democracy in the country" and that, if this is the case, "both the PRD and the EZLN will have two mandates from society that do not oppose one another."

In his turn, the seasoned politician Heberto Castillo affirmed that Cardenas "grew extraordinarily in Congress, because, in addition to charisma, he showed he has a great human quality. His stature is now larger than before, and he still has a great deal to do."

Full Stop [subhead]

It was 1500 in the afternoon when the third PRD Congress officially became part of the short history (6 August) of that political institution. At that time, delegates and guests, clapping hands, chanted Cuauhtemoc's name in an effort to have the former PRD national president take the stand. He did so and sat on the edge. However, someone invited him to sit in the middle, right next to Munoz; they shook hands and talked briefly and freely.

The debate at the PRI [Institutional Revolutionary Party] headquarters that these two politicians staged on 25 August was imprinted in memory. Somehow,

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the five days of long and mostly tedious debates were summarized in that electrifying dialectic debate.

It is unwarranted to decide if anyone won or anyone lost. It is unwarranted because, at the end and as Munoz explained today at a news conference, the text of the resolution of the political table is "broad and multicolored;" that is, in the words of Cardenas, "it has several connotations."

That text mentioned the need to strike a pact both with the government and with other political forces. It also mentioned the need to change the correlation of forces to promote changes, and this position also has to do with the social mobilization.

A paragraph of the political resolution reads as follows: "It is a false alternative to think that the PRD must define itself as an electoral party or as a party for social mobilization. Electoral struggle and social struggle constitute two fronts in the battle for the establishment of a democratic regime, and our party is committed to these two fronts."

On 27 August, when the PRD Congress ended, the day was devoted to polishing and approving the texts of the other two tables — namely, the organization table and the social movements table.

The issue of Michoacan was discussed in today's plenary session, and the result could not have been any clearer: unrestricted support for candidate Cristobal Arias. Two delegates identified as followers of Cuauhtemoc, Samuel Del Villar and Martin Del Campo, got up on the stand to close ranks around the controversial PRD senator.

In this regard, Cardenas told reporters that he was supporting "whoever, according to the party's resolutions, is the candidate in Michoacan, and I expect that there will be good results on 12 November."

As for Guerrero, the dissolution of government branches was demanded, and it was agreed that a penal and political lawsuit would be demanded against Guerrero Governor Ruben Figueroa Alcocer. Strong words were used for him due to his behavior in the Aguas Blancas case.

Everywhere there was also talk of whether the PRD national leadership will seek to promptly hold talks with the government in an attempt to take advantage of the fact that the PAN [National Action Party] is not on good terms with the executive branch. No one in the PRD Congress voiced opposition to holding talks with the government and other political forces, and no one questioned the fact that pacts could be eventually struck. No one ridiculed the issue because they all understood it is a consubstantial part of politics. In any case, there is apprehension among certain people who are "afraid" the national PRD leadership will throw itself in the Zedillo administration's arms without taking into consideration the "broad and varied" nature of the text on political guidelines, and without taking into consideration that the social movement as a whole — which the PRD wants to join — may eventually go in another direction.

PRD Secretary General Mario Saucedo said in the closing speech: "We have once again reinstated the fact that, to achieve progress regarding constitutional changes, our party must be capable and competitive, electorally speaking. We issue an appeal to society so we may advance toward a correlation of forces and, based on the Constitution, the creation of a plural and representative government that makes it possible to save the nation and guarantee a transition to democracy, state reforms, a change in economic policy, and the rescue of our sovereignty."

The issue that was unanimously approved was the one dealing with the criticism concerning President Ernesto Zedillo's actions. The consensus stated in the document on the PRD's political guidelines admits no misinterpretations: "The corruption process began with the struggle for hegemony among the ruling political party's groups. Palace intrigues and state crimes are used to solve internal rifts. High-ranking officials' involvement in political assassinations and the ruling authorities' ties with the mafia that controls drug trafficking prove the high levels of corruption that prevail in all the political system, and unfortunately extend throughout the social sector."

Hence, the PRD considers that "what the country requires are pacts and pledges that are publicly assumed, before the nation, to allow a democratic solution to the current crisis. The national emergency demands that the current political crisis generate a solution which allows the replacement of the current political system with another one in which the rotation of parties in the government, pluralism in the creation of state organizations, tolerance, and a pledge to defend Mexico's foremost interests become the groundwork for a state of the law."

Five days were spent learning about the exercise of politics, the rules of democracy, and the tolerance that must prevail in a group if it strives for the future and a rotation in power. Those five days will become, in a certain way, the groundwork to expedite the maturity of a party that will more than anything else become a crucible for diversity.

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Those five days are part of the early history of a political group born out of social need but mercilessly beaten by the rules of a game that are slowly being eliminated.

The PRD emerged with a new profile and, according to generalized views, that is good news for the country. Now we must wait and see if the impulse helps consolidate, in good terms, the amalgam of views and enthusiasm that resulted in the Party of the Democratic Revolution's creation six years ago. (endall) 28 Aug MGV/robinson/cn srmx2908.11e 30/1116z aug

Army Weapons Purchases Detailed

PA2408155395 Mexico City LA JORNADA in Spanish 21 Aug 95

[Report by Jesus Aranda — received via Internet]

[FBIS Translated Text] The Mexican Army has substantially increased its arms purchases in the past two years (1993-94), during which it acquired sophisticated equipment designed basically for special units and the Military Police, according to official Army reports for the past six years.

Within the framework of the outbreak of the armed conflict in Chiapas, there were lists in which the acquisition of armored vehicles tripled compared to previous years. Also, there were extraordinary purchases in terms of quantity and quality of rockets, machine guns, rifles, grenades, grenade-carrying vests, nightsticks, and electric rods, as well as specialized material for jungle warfare, such as 660,000 field kits and 660,000 food rations.

The documents obtained by LA JORNADA indicate that in 1993 the National Defense Secretariat acquired 26 antiriot Cobra I type vehicles and a similar number of Cadillac armored vehicles — although it was not until mid-1994 when it was learned of the purchase.

Another noteworthy case is that of the armored troop carrying vehicles of the Hummer type, of which 2,000 were purchased during the first four years of the past six years. In 1993, 1,600 were purchased while in 1994 this figure increased to 3,297.

At the same time, during the past three years there has been an unusual increase in the Mexican Air Force potential through the purchase of helicopters and aircraft used mainly for the struggle against narcotrafficking. There is a contrast in relation to the equipment acquired over the past six years. Reports related to 1989 show that the equipment acquired was basically intended for the Military Police, while in 1994 not only did the purchase of this sort of equipment increase, but there was also a purchase of weapons for the "southeastern units" for jungle terrain conditions.

The document adds that there were 3,466 antigas masks, 2,974 tear gas canisters, 2,993 helmets, 2,233 grenade-carrying vests, and 673 electric rods.

Aircraft was modernized with 18 Bell-212 helicopters, two Bell-206 aircraft, and one C-130 Hercules aircraft.

Reports for 1990 indicate that on that occasion the arms acquired were used to improve the armored units and that also seven Arava aircraft were purchased. Additionally, 100 Hummer vehicles, 100 armored vehicles of the Mack artillery type, and five more of the Mack Taller type arrived. As President Carlos Salinas de Gortari's term passed, arms increased in quality and quantity and there was also an important donation by the U.S. Army.

The National Defense Secretariat report for 1991 accounts for the above.

A total of 710 Hummer-type vehicles and 60 tactical vehicles of the 5-ton M925A2 military-type were obtained.

Also, two Sikorsky helicopters, 13 Pilatus PC-7 aircraft, and four Turbo Porter PC-6 aircraft were also purchased. For its part, the U.S. Army donated a total of 609 vehicles and diverse military materiel to the Armed Forces, although the documents explain that the transfer of this material was covered by the National Defense Secretariat.

The U.S. Army donated 400 jeeps, 32 ambulances, 106 pickup trucks, 15 transportation trailers, 30 Sterna trailers, 30 towing vehicles, and 11 jeep ambulances. This trend was kept according to 1992 reports.

Even though the number of Hummer vehicles dropped to 597, 10 McDonnell Douglas helicopters, four Aravay planes, and 15 Maule planes were purchased, as well as 100 parachutes for airborne infantrymen, 424 3.40-mm HK-1 machine guns for "southeastern units," and 430 "highly explosive" grenades for the same units.

The amount of weapons purchases changed both in quality and quantity during the last two years of Salinas' six-year presidential term, 1993 and 1994. Not only 1,600 Hummer vehicles for lightning attacks for the Air-Mobile Special Forces Group and 221 1975 Ford CLE vehicles were purchased; since 1992, Mexico has also purchased 26 Cobra I riot vehicles for the 2d Special Operations Battalion and the 1st Presidential Guards Battalion.

Although these vehicles were purchased in 1992, it was not until 1994 when people learned of the purchase when the vehicles entered through the border with Texas. By the way, this latest acquisition was not included in any National Defense Secretariat report.

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The number of weapons increased with 332 40-mm HK-19 Model 3 machine guns, 266 electrical clubs, 4,585 polycarbonated sticks, 21 electrical shields, 84 anti-missile rifles, 17,784 HK-19 grenades, and 22,200 tear gas grenades.

However, the acquisition of war-like equipment more than surpassed the acquisitions of previous years. In addition to armored equipment, aircraft, and helicopters, we acquired equipment to reinforce riot teams. There were major novelties, however, such as the purchase of jungle warfare materiel, ideal for combat in such terrains as Chiapas.

The Air Force bought six Sikorsky helicopters, 17 Pilatus PC-7 planes, 20 Bell helicopters, 22 McDonnell Douglas helicopters, 15 Maule planes, four Aravay planes, one Hercules C-130 plane, and two Schweitzer planes. Likewise, it bought materiel to equip with artillery 10 Bell helicopters and 10 MD-530 helicopters. The amount of weapons was so huge that they were even categorized in combat equipment, rations and night vision, arms and ammunition, and military police.

In the first category, the following stand out: 20,672 bullet-proof vests, 660,000 field rations, 473,000 field equipment, 2,232 Aitor survival knives, 2,232 machetes for jungle operations, 120,000 cartridge holders, 70,000 canteens, 70,000 USA-type field plates, 208 night vision telescopic sights, 608 target-seeking lasers, and 102,000 Kevlar helmets.

The following equipment also stands out: 3,297 Hummer vehicles of different types, 110 Mack armored vehicles, 168 DNC-1's, 90 DN-2 armored vehicles, and 57 Ram Chargers, which the National Army Factories transformed into VHS-500's.

The second category, arms and ammunition, includes the following: 270 MK-1 novelty missiles, 500 Blindice rocket launchers, 859 40-mm HK-19 machine guns, 500 semi-automatic rifles, 374 37- and 38-mm shotguns, 192,874 40-mm M430 grenades, 40,000 40-mm M918 grenades, 85,678 40-mm M781 grenades, and 109 telescopic sights.

The Military Police received 254 missile-launching shotguns [escopetas lanzaproyectiles], 2,516 riot vests, 3,266 smoke bullets, 100 riot bullets with wooden spheres, 100 riot bullets with rubber spheres, 693 electrical shields, 30 CL vehicles with built-in catapults, and 30 CL vehicles with built-in bulldozers used to break up demonstrations or riots.

Drug Traffickers' Revenues $30 Billion in 1994

PA2708173795 Mexico City XEW Television Network in Spanish 0430 GMT 26 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Eight speakers tackled the issue of interinstitutional coordination and its legal framework at the national forum to fight drug trafficking sponsored by the Congressional Justice Committee.

Moises Moreno Hernandez, deputy prosecutor for proceedings control of the Prosecutor General's Office [PGR] said stronger and more effective controls are needed, especially during investigations, in order for the PGR to obtain positive results and put an end to the impunity enjoyed by international drug traffickers, whose organizations and economic power outweigh the government institutions' possibility to react.

[Begin Moreno recording] According to estimates from the PGR, drug traffickers operating in Mexico received gross revenues of approximately $30 billion in 1994. [end recording]

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Guatemala

Minister: Colonel Catalan Will Be Reinstated to Post

PA2908235995 Guatemala City Televisiete Television in Spanish 1900 GMT 28 Aug 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Defense Minister General Mario Rene Enriquez has said Colonel Garcia Catalan will be reinstated in his post because his court case has been dismissed:

[Begin recording] [Enriquez] I am happy, because it has been confirmed that Army people are not responsible for everything for which they are blamed, as many believe. You have noticed how [words indistinct] has been insulting Army people. I think the dismissal of this case demonstrates once again that not everything for which the Army is blamed is true. This does not mean we have not committed errors; this is true also, but there are people who I believe go as far as paying other people to file false charges. In this case, fortunately, this was made evident.

[Unidentified reporter] Do you have the Supreme Court of Justice document dismissing the case of Colonel Garcia Catalan?

[Enriquez] It is not officially in my hands, but I am familiar with the document and have read it in newspapers. We are waiting to receive it. I believe we will have it either today or tomorrow at the latest, and then we will adopt a final decision.

[Reporter] When will that officer be reinstated?

[Enriquez] I could not tell you that yet, but there are several alternatives. One thing is certain. He must be incorporated immediately to his military activities, regardless of where this might be. [end recording]

Poll Indicates People's Preference in Electoral Process

PA3008042295 Guatemala City LA REPUBLICA in Spanish 28 Aug 95 pp 6-7

[FBIS Translated Text] People's interest in the electoral process is slowly increasing, while the popularity rating of Alvaro Arzu (PAN) [National Vanguard Party] continues to grow in the metropolitan area, according to the second LA REPUBLICA-Paradigma poll entitled "Political Interests of Guatemalans". *The survey indicated that 60.7 percent of those citizens who were polled in Guatemala City would vote if the elections were held today.*

A month ago, 58 percent of Guatemala City residents able to vote said they would go to the polling stations, while the level of abstentionism seems to be decreasing now, maybe because the election campaign has begun its final lap and because most of the 19 candidates have increased their campaign advertisements to win over voters.

An important aspect stemming from the poll is that the number of people pointing to "change expectations" as the reason to vote increased from 8 to 12 percent, something which could be interpreted as an achievement resulting from the messages the candidates are sending in their respective campaigns.

The Main Hopefuls

Arzu and the PAN came again in first place of voters' preferences, but, curiously, people keep mentioning General Efrain Rios Montt (FRG) [Guatemalan Republican Front] as their favorite target for vote preference, albeit with only 9.9 percent. Meanwhile, people's preferences for Acisclo Valladares (PLP [Progressive Liberal Party] - 5 percent), Fernando Andrade (DCG [Guatemalan Christian Democracy]*UCN [National Union of the Center]*/PSD (Democratic Socialist Party]- 5.1 percent), and Hector Gramajo (PID [Democratic Institutional Party]*FUN [National Unity Front]- 3.1 percent) have increased considerably, while Jose Luis Chea (UD) [Democratic Union] remained stagnant with 1.4 percent of people's preferences.*

The following names are mentioned in the spontaneous responses given by those who were polled: Pepe Fernandez (1.4 percent), Luis A. Castillo (0.3 percent), Mario Castejon (0.3 percent), Leonel Sisniega (0.3 percent), and Rolando Torres (0.3 percent).

Due to the reoccurring response for Rios Montt, his sympathizers were asked for what other candidates they would vote if Rios Montt could not run, and Valladares was most favored with 23.8 percent and Alvaro Arzu with 22.6 percent.

Curiously, the candidates whose rating increased the most in the polls are the ones who have messages more similar to those of the FRG: security and justice implementation (Valladares and Gramajo). Andrade is the candidate who has more publicity in the air.

The PAN's electoral strength in the metropolitan area shows that Andrade is the clear winner in the election for district deputies, because 67.6 percent of voters responded they would vote for the PAN slate, distantly followed by the FRG with a 10.9 percent of vote preferences and the PLP with a 4.1 percent. The PID (2 percent), the MLN [National Liberation Movement] (1.7 percent), the UCN (1.7 percent), the PP [People's Party] (0.7 percent) follow, and the other parties participating in the elections garnered the least amount of votes.

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One of the relevant aspects of this poll is the fact that the New Guatemalan Democratic Front (FDNG) and its candidates were barely mentioned as a political party; thus, the democratic left has barely two and a half months to face the traditional parties.

Berger Has No Rivals for the Mayor's Office

The poll confirmed once more that the fight for the Guatemala City mayor's office is still more uneven, taking into account that Berger and the PAN (together) garnered 71.4 percent of the votes, as 60.1 percent said they will vote for the PAN and as 11.3 percent have said they will vote directly for the current mayor.

The FRG came in a distant second place, but this party has not announced its intention of having a candidate. The same goes for Valladares' PLP, which, nonetheless, garnered a 5.5 percent of votes, probably stemming from the faithfulness the presidential candidate has instilled.

As for the other contenders, even though the campaign of those running for the mayor's office has not started yet, the poll did not register any intention favoring any other candidate.

People's Problems

Once more, the problems adversely affecting most Guatemala City residents were gauged, showing an increase in the conviction that violence is the problem that concerns citizens the most, virtually sharing the first place with economic problems. The answers "violence and insecurity" garnered 38.7 percent of the votes, while the economy and unemployment garnered 50.8 percent.

Sample Features

The company Paradigma conducted the poll *Political Interests of Guatemalans* at the request of the daily LA REPUBLICA. The poll was taken following all professional standards and norms required at the highest level for this type of survey. It covered the metropolitan area, where 483 registered citizens from different socioeconomic levels and age groups (in a proportional fashion, according to the census) were polled.

The field tests, which lasted five days, ended on 21 August, and the face-to-face system was used, as well as a questionnaire previously made based on direct and open questions for those being polled.

This is the fourth of a number of opinion surveys that will allows us to be aware of the preferences many segments of the population have. The first poll was at the general level, and the second poll gauged the political preferences of women, followed by those of youths. Now, the general intention to vote is again gauged to make a comparison. Paradigma is a company that has a division specializing in the field of opinion surveys and has a highly trained staff to conduct them and make political analyses.

De Molina: Budget Process 'Politicized'

95CA0350A Guatemala City CRONICA in Spanish 4 Aug 95 pp 44-45

[Interview with Finance Minister Ana De Molina by Jessica Garcia Kihn; place and date not given]

[FBIS Translated Text] [Garcia Kihn] Some deputies believe that Congress will not approve the execution of last year's budget. What might the implications of such a rejection be?

[De Molina] There is an explanation for all the misgivings of the comptroller general. It is a matter of differing interpretations of accounting procedures. I think it is important for the legislature to perform its auditing role. However, the deputies publicized their concerns two months before officially asking me to resolve them.

[Garcia Kihn] Do you think it is a campaign against President Ramiro de Leon?

[De Molina] It might be. It is normal to have debate about the execution of a budget exceeding 9 billion quetzals, but it is unfortunate that the issue has been politicized and doubt cast on the honesty and clarity with which this government has handled public resources.

[Garcia Kihn] Is it true that the president has more than 100 advisers?

[De Molina] No. They are advisers contracted under Item 079, which is used to pay for the services of professionals not on the payroll. An attempt has been made to manipulate this information, insinuating that all these advisers work for the president. However, they assist various ministries and government agencies.

[Garcia Kihn] According to the report from the Office of Comptroller General, during this past fiscal year, the Ministry of Finance used treasury bonds authorized in 1987. Is this practice valid?

[De Molina] Yes, as long as they have not expired. Treasury bills of exchange and bonds are not the same thing. While the former expire with the fiscal year, the latter can be good for up to 15 years. I think I shall have to explain this difference to the congressmen.

[Garcia Kihn] Why is a budget deficit already being programmed for 1996?

[De Molina] We have to reduce the fiscal deficit. However, it should not be a measure that will hurt government investment. During the years when there was

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no gap between revenue and spending, the people's demands were not met either. Even paying the foreign debt of the National Electrification Institute was considered social spending. Our projections are based on recovering tax revenue and resources from the international community.

[Garcia Kihn] What is your opinion of proposals from Congress' Finance Committee to seek more modifications in fiscal laws?

[De Molina] I do not think they are necessary because even without them, we shall raise the tax burden to eight percent of the gross domestic product (GDP), compared with 6.2 percent last year. While it is obvious that the increase in collections is still not sufficient, we do not intend to make drastic changes from one year to the next.

[Garcia Kihn] How is it possible that tax revenue has increased so much when the Tax on Net Assets is still pending?

[De Molina] This positive trend stems from the administrative reform, which includes more intensive auditing of Finance offices and the reorganization of internal revenue.

[Garcia Kihn] If the recovery is the result of administrative reforms, then why did the executive branch defend fiscal reform so vigorously?

[De Molina] Because it was also necessary. Contrary to what has been said, the tax modifications have indeed yielded results. In the case of the Value-Added Tax (VAT), we closed the loopholes. No government finances anywhere can withstand fiscal credit increasing at a rate of 34 percent while the debit grows by nine percent.

[Garcia Kihn] Nevertheless, the deputies intend to restore the exporters' tax credit.

[De Molina] It is not appropriate to modify laws so frequently because this creates uncertainty among economic agents and foreign investors. We are only asking them to let us finish this year without further modification so as to be able to evaluate the impact of the reform. If it is necessary to make more modifications, that should be up to the next government.

[Garcia Kihn] The December reform showed an increase in revenue of 1.5 billion quetzals. That is why Congress' Finance Committee believes an exception should be made for the gap of over 1 billion quetzals caused by challenges opposing the eight percent of the final payment of the Income Tax (ISR) and the Tax on Net Assets.

[De Molina] I value the interest of the congressmen, but there is no such gap. During the first six months of this year, revenue increased by 800 million quetzals over the same period in 1994. This trend will continue until the end of the year because in the months just ahead, imports will increase and ISR payments will accumulate.

[Garcia Kihn] Some economists think collections have improved because customs revenue has increased.

[De Molina] Resources of the General Customs Directorate have increased by 33 percent, impacting the recovery of finances. However, there are also other factors.

[Garcia Kihn] Such as?

[De Molina] One of them is that Domestic Revenue and Customs exchange information in order to audit VAT payments.

[Garcia Kihn] Why do some international organizations say there is no relationship between the hiring of more tax auditors and the observance of tax laws?

[De Molina] That is not true. The presence of auditors has been effective. I have to recognize that we have had certain limitations. The expectations of many auditors were greater than the salary scale set up by the National Civil Service office. Consequently, in addition to hiring university graduates, we have employed students as well.

[Garcia Kihn] They also say the tax reform hurts investment and helps consumption.

[De Molina] That is not true either; the figures prove the opposite. According to the Monetary Board's appraisal, productive activity grew 3.2 percent during the first six months, two points more than during the same period of last year. At the same time, tax income rose by 800 million quetzals.

[Garcia Kihn] What progress has been made on decentralizing tax collection?

[De Molina] The first step was to transfer the collection of the Single Property Tax to certain municipalities. We believe that local authorities should manage their own affairs. It is not enough to have a constitutional allocation of 10 percent.

[Garcia Kihn] Nevertheless, the lack of a cadastre [official register] makes collection difficult.

[De Molina] We are aware of that limitation, but we have to start somewhere. In medium-range terms, the Ministry of Finance will have to support the mayors' offices technically, but the task of reviewing

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and evaluating data bases must be the province of local authorities. The important thing is that the measure has reduced congestion at the Treasury.

[Garcia Kihn] Then do you believe that fiscal goals will be met this year?

[De Molina] All signs are that they will. What is more, we think that in 1996 the tax burden will be nine percent of the GDP.

[Garcia Kihn] On what are these expectations based?

[De Molina] One must remember that next year, the VAT rate will go up to 10 percent, meaning additional revenue of 850 million quetzals. In addition, ISR revenue will increase by 60 percent thanks to the five-percent rate increase. The improvement was 40 percent this year. However, the new government must continue the auditing efforts and have the support of the Ministry of Justice and the Supreme Court of Justice.

Soto Defends Congressional Oversight

95CA0350B Guatemala City CRONICA in Spanish 4 Aug 95 p 41

[Interview with Arturo Soto, chairman of the congressional Finance Committee, by Jessica Garcia Kihn; place and date not given]

[FBIS Translated Text] [Garcia Kihn] President Ramiro de Leon has said that the sole purpose of legislative discussions of how the budget was executed last year is to discredit his administration. Do you agree?

[Soto] That is not true. The purpose of the audit is to correct the management of public funds. We do not do it to inconvenience anyone, nor do we intend to bring action against the Ministry of Finance.

[Garcia Kihn] Is it true that the government amortized the foreign debt of decentralized institutions?

[Soto] Yes. The report states that the Treasury paid out 56 million quetzals to cover obligations of the INDE [National Institute of Electrification], BANVI [Housing Bank], and CORFINA [National Financial Corporation], apparently in violation of the Finance Law.

[Garcia Kihn] What other anomalies were found?

[Soto] Illicit transfers were made. The Capital and Foreign Loan headings had initially been given allocations of 65 million and 357 million quetzals respectively. However, the final totals were 37 million and 191 million. Decree 84-92 states that public debt funds may not be used to p foreign debts.

[Garcia Kihn] What about using treasury bonds authorized for previous fiscal years?

[Soto] The validity of those bonds is not in question. However, there is no legal basis for Finance to sell them, buy them back in three months, and put them on the market again.

[Garcia Kihn] It seems obvious that many of the budget regulations are not working.

[Soto] Indeed. The audit of the government's books for last year will enable us to adjust the rules for the 1996 Budget.

[Garcia Kihn] What do you think of the fact that the proposed budget for next year already anticipates a fiscal deficit?

[Soto] I do not like it. Before making any decisions on spending, one has to know how much money will be coming into the Ministry of Finance. It cannot be the other way around.

[Garcia Kihn] Why does the Finance Committee intend to present new modifications in tax laws to a full session?

[Soto] In order to improve those on the books.

[Garcia Kihn] What will they change?

[Soto] We shall eliminate final payments on the income tax in order to make them a separate tax.

[Garcia Kihn] Will you modify the Value-Added Tax (VAT)?

[Soto] We shall look for a way to restore the exporters' tax credit.

[Garcia Kihn] When would these tax changes take effect?

[Soto] Starting next year, so they would correspond to the beginning of the fiscal year.

[Garcia Kihn] But they said initially that with these modifications, the fiscal gap left by the challenges of the December reform could be reduced.

[Soto] We do not want to hurt anyone's feelings, but that gap does exist.

Handling of Presidential Budget Questioned

95CA0350C Guatemala City CRONICA in Spanish 4 Aug 95 p 16

[Commentary by Gustavo Berganza J.: "The Presidency's Monies"]

[FBIS Translated Text] Even though the polls show the president riding high in the opinion of the people, rumors continue to surface regarding ambiguous actions

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that cast doubt on the presumed ethical purity of his government. For example, a person who truly accepts the argument that this is a mediocre but honest government cannot fail to be intrigued by the president's irate refusal to reveal how his 1994 budget was executed. This is particularly so when De Leon pads his defense with such obvious arguments as the one about how his roster of contract personnel (the renowned Item 079) not only includes advisers, but also bricklayers, nurses, drivers, and gardeners. The result of this is that it cannot be said that his advisers receive salaries in the millions!

Both he and his minister of finance frequently like to point out that their administration is "open." So what is the problem? Why not divulge the names and salaries of those advisers? Are the funds used to pay such personnel not the people's money and, as such, subject to auditing?

I do not know. That refusal expressed so vehemently makes one suspect that the president may have reverted to the vices of his predecessors and does not want us to find out, for example, that one of the persons on his staff is his brother. Or perhaps he feels bad about shaming some of the columnists who generally write favorably about him, revealing that what they do is propaganda and not journalism. Going a bit further, it might be that found on that roster, which the chief of state keeps tucked away somewhere in the depths of his office, are the names of some of his friends, especially those who have made excellent deals in the electric subsector.

Nor do the possibilities for speculation end there. The president's refusal to explain how funds which come from the taxes which we Guatemalans pay may have had some political purpose. Specifically, the need not to reveal that there is one party that the government supports, and that that is how the presidential candidate with whom De Leon identifies is financed. Furthermore, it would not be at all strange if those rosters contained the names of several conspicuous deputies or former deputies who do not belong precisely to the FRG [Guatemalan Revolutionary Front].

The president will certainly conceal the information from us once again, and then interest may be lost in the issue. It has now become a habit for this regime to say that any criticism is part of a conspiracy to discredit him. And yet, this does not exempt him from his obligation to account to us for every cent spent. In the final analysis, the money comes from taxes that we pay.

Nicaragua

Payment To Bond Holders on Confiscated Property Begins

PA2908145995 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 25 Aug 95

[From the "National Newscast"]

[FBIS Translated Text] Finance Minister Emilio Pereira has delivered the first fiscal check to Norman Sevilla — one of the bond holders compensated for confiscated property — for payment of interest.

[Begin Pereira recording] As agreed and coinciding with what his eminence, the Cardinal said, those who have large estates and can pay for them, must pay, so that their children can enjoy their homes and can walk around proudly, without being shamed. We are facing a very big social problem and society must not pay the price for this big problem. [end recording]

With this obligatory payment, the government is complying with Law No. 180, thus giving support and guarantees to those whose property was confiscated.

[Begin Pereira recording] We are issuing a very clear message: 1) that the interest on these bonds is being paid, which means that the bonds are worth something; and 2) that such bonds are negotiable. They are securities and, as such, can be negotiated. Any bond holder can negotiate them and receive the interest he deserves. [end recording]

The interest rate for them is 4.5 percent. At present, 2,143 of 5,000 property claims have been settled.

With regard to a change in the general sales tax, Pereira said that the tax system will have to be reviewed, including the income tax, before proceeding to make such change.

Panama

President: Authorities Obligated To Fight Wave of Crime

PA2908122195 Panama City LA ESTRELLA DE PANAMA in Spanish 27 Aug 95 p A-1

[FBIS Translated Text] President Ernesto Perez Balladares has said the government will not tolerate or grant truces to any kind of criminal, who will be fought until totally defeated.

The president's statements were made during the 14th graduation ceremony of the "Lieutenant Osvaldo Trujillo" police agents held at the Police Academy (Acapol) in Gamboa.

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The chief of the executive branch said the authorities have the obligation and responsibility to fight the wave of crime occurring in the country and are being watched by the people. "The brutality it entails and the frequency with which it is perpetrated turn criminal violence into one of the most worrisome problems," he added.

The president said: "The peaceful, decent, and hard-working population is demanding that we provide them safety and calm to live in peace. The people have the right, and the government, authorities, and crime prevention organizations are duty bound to fulfill that legitimate demand."

President Perez Balladares recognized the work carried out by Acapol, because programs with a view to training police agents "strive to provide, gradually but orderly, personnel required by the Public Force to become a real and competent organization specialized in the duties that are inherent to a professional policeman.

"All of Panama have high hopes in the results you may offer to the community, through your services."

ARI Administrator Outlines Plans for Reverted Properties

PA2908214895 Panama City LA PRENSA in Spanish 28 Aug 95 p 3A

[Report by Ibeth Vega G. and Rolando Rodriguez B.]

[FBIS Translated Text] The presentation of the regional plan for the use of the reverted areas to the Legislative Assembly and an intense promotion, both nationally and internationally, to attract investors are two of the priorities of the Interoceanic Region Authority [ARI] for next year, ARI General Administrator Nicolas Ardito Barletta has declared.

According to Ardito Barletta, ARI has many priorities for next year, especially at a time properties of great importance and value for the country will revert to Panama in the coming months.

He stated that the presentation of the general plan for the use of reverted properties, first to the executive branch and later to the Legislative Assembly by mid-1996, is our number one priority because this plan lays the foundations for the better utilization of the properties and the very Panama Canal.

"As a second priority we have the national and international promotion of the use of reverted properties, because we know that the best use of these properties will be the one having an impact on promoting national development and including the largest number of Panamanians in that development," the ARI general administrator indicated.

He added that in order to achieve that better and more efficient use of reverted properties and areas, national and international private investment is required. Ardito Barletta remarked the aim is to raise investors' interest in establishing investment projects within said areas, through an intense promotional campaign.

Ardito Barletta expressed that at the national level a series of conversations with Panamanian businessmen have begun, "but we must now do that at the international level in North America, Europe, Asia, and South America, where investors may be attracted to establish here, using our strategic location around the Canal, economic activities that may generate exports, jobs, and use of national raw materials."

"Third among our priorities is contributing to advance various important projects, especially in the port area, because we know that the situation of the ports of Balboa and Cristobal does not allow a greater development of the country's maritime potential," Ardito Barletta stressed.

Meanwhile, he reported that the Panamanian Foreign Ministry, ARI, and U.S. military authorities are holding conversations on the decontamination of the military bases that are going to revert to Panama in the near future.

In the meantime, Ardito Barletta revealed that with the proceeds obtained from the use intended for Cristobal High School in Colon, a university campus will be built in that province, in conjunction with the University of Panama.

Study Under Way on 4 Industrial Parks in Reverted Areas

PA2908224995 Panama City EL PANAMA AMERICA in Spanish 29 Aug 95 p A-1

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] Nicolas Ardito Barletta, administrator of the Interoceanic Region Authority (ARI), said yesterday a study is under way for the installation of four industrial parks in reverted areas, as they might result in more revenues than those generated by the Colon Free Zone.

Ardito Barletta said the productivity of those four industrial parks would be subject to the competitiveness of national workers and conditions for the installation of the industries.

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He said the industrial development of the parks would complement the activity carried out by the Colon Free Zone, and, combined with the container ports facilities and the transisthmian railroad, they represent great potential.

Likewise, he said preliminary studies indicate the possible installation of an industrial park in the areas of Fort Davis, Howard Air Force Base, Balboa, Telfers, and France Field.

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Argentina

Menem Comments on Cavallo, Economic Path, Mafia Charges

PY3008025295 Buenos Aires TELAM in Spanish 1946 GMT 29 Aug 95

[FBIS Translated Excerpt] Buenos Aires, 29 Aug (TELAM-SEM) — President Carlos Menem today reconfirmed the government's economic course, despite the recent "upheavals." He emphasized that he has no resentment toward Economy Minister Domingo Cavallo, nor a time limit for keeping the economy minister in his post. [passage omitted]

The president pointed out that, following "the crisis situation that we experienced last week, the situation is again normal and the media have now taken a somewhat calm attitude."

The president emphasized: "There is no type of conflict situation. Everything has been solved appropriately within the framework of the institutions that are fully effective in our country."

Menem was also asked about the charges leveled by Minister Cavallo in the Chamber of Deputies on the alleged existence of "mafias."

Menem pointed out: "The economy minister has discussed a series of charges on the operations of some organizations that are detrimental to Argentina. It would be necessary to prove them."

The president further said: "Nevertheless, the charges have been leveled. I do not believe these charges have been leveled with the goal of hurting someone — not at all. Minister Cavallo, however, believes that what he's saying is the truth."

The president emphasized: "In this regard, it is not forbidden for anyone to level charges. The minister has the duty of proving his remarks. This is what the courts and institutions are for."

The president pointed out: "It is necessary to prove one's remarks and this will be Minister Cavallo's challenge as of now." [passage omitted]

Menem-Sanguinetti Joint Declaration Highlighted

PY3008001095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1607 GMT 29 Aug 95

[FBIS Translated Text] Buenos Aires, 29 Aug (NA) — Argentine and Uruguayan Presidents Carlos Menem and Julio Maria Sanguinetti, respectively, reiterated their promise today to dredge and mark River Plate channels in the area of Martin Garcia Island, and voiced their satisfaction over the current status of the project to build a bridge linking Buenos Aires and Colonia. The construction of this bridge will begin in 1996.

The two presidents also agreed on the need to move toward energy integration and decided to encourage the establishment of the River Plate Combined Wholesale Energy Market [Mercado Energetico Mayorista Integrado del Rio de la Plata], to reorganize the Salto Grande mixed technical commission to better serve the interests of the two countries, and to better exploit their potential.

The two presidents instructed their respective foreign ministers and energy-related officials to simultaneously draw up legal instruments through which Argentina and Uruguay will be responsible for the energy generated by each one's portion of the Salto Grande Dam, and will be able to make free use of it.

Menem and Sanguinetti communicated these thoughts through a joint declaration which they signed at the Olivos Presidential Residence in Buenos Aires on 29 August, on the occasion of Sanguinetti's official visit to Argentina.

Menem and Sanguinetti held several working meetings at which they examined the international situation in general and the regional situation in particular, and analyzed bilateral relations with a view to stimulating bilateral cooperation and complementary actions.

Argentine and Uruguayan Foreign Ministers Guido Di Tella and Alvaro Ramos, respectively, were present when Menem and Sanguinetti signed the joint declaration. The two presidents agreed on the need to improve the navigability of the Uruguay River because of the regional importance of this waterway as an effective means of transportation for local exports.

Menem and Sanguinetti also confirmed their decision to strengthen the commission for the development of border areas which was recently reorganized to guarantee full participation to the administrations of Uruguayan and Argentine counties along the Uruguay River. The two presidents also agreed to work to reduce the taxes that burden the transportation of merchandise between the two countries as a way of eliminating double taxation on industrial and commercial profits.

The joint declaration signed in Olivos stated that the presidents emphasized the hemisphere's progress in the shoring up of democracy, respect for human rights, and economic integration. "All of which has given rise to a new and promising atmosphere of unity among the nations of the continent."

The presidents stated their satisfaction over "the domestic efforts of the two countries to foster and encourage

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rational environmental behavior, and their diplomatic efforts at international forums which have significantly contributed to the drafting of legal instruments to deal with environmental issues."

They reiterated their commitment to fight drug abuse and trafficking and related crimes, and reaffirmed the need to strengthen current cooperation between the two governments to prevent and fight international terrorism.

At the end of the ceremony the Uruguayan president said that the bridge linking Buenos Aires and Colonia is a long-standing project. He reported that the first stage of this project has been completed and that the construction will possibly begin in 1996.

Sanguinetti was then asked about the repercussions that Argentine Economy Minister Domingo Cavallo's charges involving organized crime may have had in Uruguay, and whether the flow of Argentine money to Uruguayan banks has increased. He answered: Capital "comes and goes; money came in, money went out. There were some ups and downs, but nothing very significant."

Sanguinetti added that Uruguay is interested in anything that has to do with Argentina, emphasizing that "it is only to be expected that a process of change will unleash debates. The important thing is that President Menem has been able to settle these debates."

Cavallo Tones Down Charges, Exonerates Officials

PY2908234495 Buenos Aires LA NACION in Spanish 23 Aug 95 p 6

[Article by Sergio Levit and Eduardo De Simone]

[FBIS Translated Text] Economy Minister Domingo Cavallo will continue making charges against mafia groups using a defined strategy, namely to absolve government officials and ruling party congressmen from all responsibility for irregular actions and to concentrate his attacks on business groups that are allegedly using the Customs House, the General Directorate of Taxation, postal services, and airports as their battlefield.

The minister's restrained manners at the news conference he called last night was by no means casual. The content of this news conference did not measure up to the public's expectations.

At Government House, however, there was no doubt whatsoever that Cavallo would tone down his remarks even though from the cabinet chief down, it was asserted that there was no prior communication with the economy minister about the content of his speech.

Incidentally, aides close to President Carlos Menem contended that the head of state would rather stay on the sidelines of this controversy, which despite the economy minister's clarifications, smeared the government. Cavallo himself acknowledged that the president does not like to talk about mafia groups. Another no less important issue for the ruling party — and perhaps Cavallo's gravest political mistake — is the audience the economy minister granted to [Front for a Country in Solidarity] Deputies Carlos Chacho Alvarez and Graciela Fernandez Meijide two hours before the news conference.

This notwithstanding, there are at least three reasons underlying Cavallo's strong position:

— A violent dismissal of the economy minister — who still retains the trust of international economic centers — would send a negative signal.

— Last week's placement of bonds on the international market with a view to redeeming government securities has improved Argentina's image in international financial circles.

— The new evaluation of the country to be made by Moody's, the risk-analysis company whose rating might benefit Argentina from the point of view of foreign investment.

Cavallo's Promises

Cavallo came to the news conference after having sparred with Vice President Carlos Ruckauf, Buenos Aires Province Governor Eduardo Duhalde, [Peronist] Deputy Erman Gonzalez, and Antinarcotics Secretary Eugenio Lestelle.

The economy minister nonetheless preferred not to insist on impugning government officials and hinted at the fact that during his briefing in Congress, his thrust would be aimed at some powerful business group.

A New Mechanism

According to sources close to the Economy Ministry, the argumentative line that Cavallo will pursue before lawmakers will try to prove that "more decisive" mechanisms than charges before the courts are needed to combat corruption.

According to what was leaked, Cavallo deems that it is imperative to devise new procedures to get to the bottom of the charges pressed by government agencies so as to prevent "those who level charges from being persecuted."

The same sources acknowledged that Cavallo will not present a definite proposal for modifying standard judicial practice. On the contrary, he will air his views on the subject "so that lawmakers can decide whether they should adopt a firmer line of action."

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Cavallo's inner circle does not reject the possibility of a new proposal raised by an appropriate government office or maybe by a lawmaker.

More or Less Power?

The economic team is aware of the fact that Cavallo's charges have created a sort of protective fence around the minister, regardless of the malaise that his attitude or the contents of his charges could have caused within the government.

The economy minister has managed to enlist in his crusade a good portion of the U.S. circles of power and nearly all the domestic entrepreneurs.

Cavallo's assistants have emphasized: "We have received telephone calls from U.S. officials and U.S. entrepreneurs expressing their support for the minister's proposals."

Cavallo claims that he has Menem's support, but the president's silence over the past few days seems to indicate some dissatisfaction with the minister's public activities.

Nevertheless, can Menem risk leaving Cavallo without support during such a fierce battle as the one he has been waging over the past few days?

Economy Ministry officials could be speculating on the situation prompted by Cavallo's charges on the involvement of mafia groups. Therefore, they are relying on the president's support.

Nevertheless, will this guarantee increased power for Cavallo in the future? Otherwise, will the minister have to prepare himself for confronting attacks from the president's inner circle, attacks aimed at reducing his power?

The renewed proposal of dividing the Economy Ministry and creating a Production Ministry seems to anticipate that Cavallo would not emerge totally unharmed from this crusade.

Di Tella 'Pessimistic' Over Falklands Oil Negotiations

PY2908210295 Buenos Aires TELAM in Spanish 1624 GMT 29 Aug 95

[FBIS Translated Text] Buenos Aires, 29 Aug (TELAM) — Foreign Minister Guido Di Tella was pessimistic today over the prospects of the negotiations with the United Kingdom on oil exploration and — probable — exploitation in the Malvinas Islands basin. Nevertheless, he said the negotiations have not yet failed.

Di Tella said: "I would not write an epitaph yet, but they are faring poorly." He confirmed that the Argentine position "is very adamant because we do not want to compromise our sovereign rights" over the islands at all.

Upon entering the Stock Exchange Main Hall, where the "Second National Gathering of Exporters of Argentine Products to Chile" began, the foreign minister this morning emphasized: "We have a disagreement and we do not want it to tarnish our relationship, but it is a serious disagreement."

With regard to the issue of commercially exploiting the Argentine oil reserves, Di Tella noted: "We either receive some economic benefit, or there will be no agreement." He further explained: "The rest of our negotiations (with the United Kingdom) are conducted separately."

In this regard, the foreign minister pointed out that "the alternative has been known from the very beginning: If an agreement is not reached, we will legally challenge by all possible means the British unilateral exploitation" of the oil-producing areas.

The foreign minister also confirmed that Argentina would file "all the appeals required, not only in international forums, but also in trade forums" so that the rights our country claims on the oil basin surrounding the southern archipelago are respected.

IMF Executive Director Confirms Agreement on Targets

PY2908185595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2343 GMT 25 Aug 95

[FBIS Translated Text] Buenos Aires, 25 Aug (NA) — Claudio Loser, the IMF executive director for the Western Hemisphere, announced today that the IMF Executive Board will approve, in September, Argentina's targets for the second half of 1995, which entail a balanced budget, including revenues from privatizations.

[Economy Minister] Domingo Cavallo had already announced this agreement with the IMF, but in a clear move to support Cavallo at a time when the reverberations of the political crisis are still rumbling, Loser especially called the Economy Ministry today to confirm it.

Loser asserted that the IMF has the "clear intention of supporting the Argentine government in the modification of the targets along the lines that the Argentine authorities had already indicated over the last few days" during the renegotiation of the said fiscal targets.

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Loser said that IMF experts are at present analyzing the modifications for the second half of 1995 and "a general outlook for 1996."

Loser made these remarks in Washington during a news conference with reporters accredited to the Economy Ministry over the phone following a meeting between the IMF Executive Board and the Argentine representative, Guillermo Zocalli.

The IMF executive director pointed out that the agreement for 1995 "is aimed at obtaining a balanced budget, including revenues from privatizations." He went on to say that for 1996, the objective is to achieve "fiscal balance," excluding the funds that could be obtained through the sale of state assets.

Loser explained that the IMF has backpedaled on the $2-billion fiscal surplus target for Argentina because at the time when "the program was designed, Argentina, and indeed the entire hemisphere, was facing a difficult situation, and there was grave concern" about the reaction of the Argentine economy and of international markets.

He expressed the belief that Argentina "has made a far greater adjustment in its international accounts," adding that "access to credit has been greater than expected."

The IMF executive director conceded that "the poor performance of the economic situation has had a very negative impact on fiscal revenues due to the downturn in economic activity."

He explained that "within the macroeconomic context, a different situation may arise because one cannot divorce fiscal targets from prevailing economic conditions. Fiscal targets must then be adjusted" to the new situation.

Commenting on the subject of taxes, Loser said that the IMF and the Argentine government reviewed policies to achieve "stricter enforcement of tax laws." He did not completely rule out the possibility of a tax increase.

"The authorities will have to see how to achieve a balanced budget. In that sense, they can consider a tax adjustment, but the Argentine or IMF authorities are in no way contemplating a different tax policy," he added.

Loser pointed out that at the next IMF meeting, slated for 27 September, they will discuss Argentine fiscal targets for this year "with a certain notion about those for 1996, although we will study this at greater length later on."

The IMF executive director declined to comment on Argentina's recent political crisis, which could have resulted in Cavallo's resignation.

Loser was of the opinion that the Argentine economic plan "has had very positive results, and even enabled the country to resist the impact of the international crisis" triggered by the devaluation of the Mexican peso.

In praising the Argentine economic plan, Loser considered that "all in all, the economic policy pursued in Argentina over the last few years is the one that befits Argentina's needs and conditions."

Loser pointed out that the draft of the new letter of intent has already been put together and is being discussed by the IMF Executive Board. He nonetheless made it clear that this "does not affect in the least the substantive matters of the agreements reached" with the Argentine government on the occasion of the recent IMF mission.

Loser recalled that the IMF mission Martin Hardy headed in Argentina in July "had in principle agreed on the economic program and the modification of fiscal targets. We are now analyzing them at an internal level in a speedy manner."

Foreign Fears Over 'Crisis' To Be 'Overcome' Soon

PY2908210395 Buenos Aires TELAM in Spanish 1519 GMT 29 Aug 95

[FBIS Translated Text] Buenos Aires, 29 Aug (TELAM) — Foreign Minister Guido Di Tella today emphasized that foreign fears caused by the recent crisis, pitting the executive branch against the legislative branch over the post office bill issue, will be totally overcome in the next few days.

Before entering the Buenos Aires Stock Exchange, the foreign minister said "(the crisis) has caused fears and much concern abroad, but it has already been substantially overcome" and the situation "will be totally resolved within the next few days."

Di Tella emphasized that both Economy Minister Domingo Cavallo and President Carlos Menem enjoy "exceptional prestige abroad."

The foreign minister also emphasized that nowadays "the operators trust in the pursuit of the Argentine economic system."

The foreign minister also noted that Argentina's goal involves implementing "before the end of the year" a free-trade zone, linking Mercosur [Common Market of the South] member countries with Chile.

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Economist Views Impact of 'Political Turmoil' on Image

PY2908163795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2313 GMT 25 Aug 95

[FBIS Translated Text] Buenos Aires, 25 Aug (NA) — Economist Miguel Angel Broda today noted that the recent political turmoil has "seriously" affected "the trustworthiness" of investments in our country, as it has caused a discontinuance in the increase in bank deposits and the approval of loans.

The economist expressed regret over the failure of two economic improvement processes in less than two months: one following the impact caused by the dissemination of the unemployment rate, and another one following Economy Minister Domingo Cavallo's reports [on the existence of mafias linked to the government].

Broda said the people "would eagerly like" President Carlos Menem's support not to become a "restriction of Cavallo's power, and would like the corruption reports further investigated and expanded."

The economist believes it is "vital" for the minister to maintain his power intact because "the initial phase of the program, which will take more than 10 years," is being implemented and, therefore, it requires an operator "with tight reins."

Broda added: "A political party's ideal involves seriously championing the economic transformation program. Nevertheless, it also involves an ethical side in which the market system is not incompatible."

The economist noted that, if Cavallo's confirmation in his post "is veritable, the situation will be overcome in a positive way."

Nevertheless, Broda cautioned about the ensuing incertitude "if the support for" the economy minister "does not materialize within one week" and "if the ministry's power is restricted and there is no advancement in resolving the corruption cases."

Broda emphasized: "This cannot be a temporary issue because it takes days for a temporary issue to be understood by the markets and the rest of the people."

Sources Indicate Economy Ministry Not To Be Split

PY2908153095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0027 GMT 26 Aug 95

[FBIS Translated Text] Buenos Aires, 25 Aug (NA) — According to high—ranking Government House sources, the government has decided not to split the Economy Ministry, as the insistent rumors that have been circulating during the past few days indicated.

Thus, [Economy Minister Domingo] Cavallo will retain his power within the government structure, which had been threatened by the rumors indicating the ministry would be split up.

President Carlos Menem had received a report from the Technical Committee, which has been charged with analyzing the reform of the ministries, that indicates the reorganization of the Economy Ministry is considered "inconvenient."

The analysis does not advise the splitting up of the ministry, indicating that "at a time of political-economic lack of stability, the power of Cavallo could be reduced."

Under these circumstances, according to the report, it is not appropriate to reduce the power of the person charged with managing the country's economy.

Instead, the report points out, the splitting up of the Economy Ministry can only be undertaken when there is stability.

With this report in hand, the president decided to postpone the decision and give his minister the necessary space to continue with the structural reforms.

The reform is an old desire on the part of several men who inhabit Government House, and it had come to the fore during the past few days with the crisis that was provoked by Cavallo's accusations about corruption.

The strongest desire at that time was the creation of a Production Ministry that could have been headed by one of the country's top-line businessmen.

In addition, the name that was mentioned was that of Angel Perversi, who is about to leave the vice presidency of the Bunge y Born Enterprise after transforming the group, as he likes to say, from an elephant into several tigers.

Perversi denied that the government had offered him the job, although during these feverish hours nearly everyone linked to the economic sector does not want Cavallo to lose his power.

Another of the possibilities that was bandied about was that of the creation of a Finance Ministry, and when it was rumored that Cavallo was leaving, it seemed that this ministry had been offered to Ricardo Gutierrez.

Moreover, Gutierrez presumably answered that if Cavallo left, he would resign his post as finance secretary.

Vice President Carlos Ruckauf, who has been harshly criticized by Cavallo, is one of the promoters of these reforms.

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Brazil

Cardoso Viewed as Political Coordinator With Congress

PY3008005095 Rio de Janeiro O GLOBO in Portuguese 28 Aug 95 p 3

[Article by Helena Chagas and Tales Faria]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso has decided to reactivate his direct contacts with congressmen in order to restore his support base in Congress. Cardoso believes that only by directly acting as a political coordinator of his administration will he be able to have the extension of the Social Emergency Fund [FSE] and the tax, administrative, and social security reforms approved in Congress. Last week he resumed the same style he showed during the first half of the year. As of today, by petition of the government leaders in Congress, he will personally engage in the negotiations.

"I do not doubt that the president's mediation has guaranteed congressional support for the creation of the FSE when he was finance minister," said Deputy Luis Eduardo Magalhaes, president of the Chamber of Deputies, (PFL-BA) [Liberal Front Party-Bahia].

Luis Eduardo Magalhaes met with the president on 23 August accompanied by Vice President Marco Maciel and PFL President Jorge Bornhausen. The PFL leadership also arrived at the conclusion that Cardoso must again act as political coordinator.

"The president will have to put out fires in the whole government support base in Congress. The first step is to order his ministers to again receive congressmen. That worked during the first half of the year," said Deputy Inocencio Oliveira, leader of the PFL in the lower house.

If the PFL leadership needs the president to solve the crisis started by the Economico Bank and the subsequent rebellions that took place, the PMDB [Brazilian Democratic Movement Party] situation is not any better. Planalto Palace is attentively following up the development of the internal PMDB elections. The belief last weekend was that Antonio Britto, governor of Rio Grande do Sul, made a mistake by promoting a governors' movement to pressure Senator Jader Barbalho (Para) to resign from his candidacy for PMDB president. The government considered Barbalho the least of the evil, because the other candidate was Deputy Paes de Andrade (Ceara) who voted against all the economic amendments and who has well-known disagreements with Cardoso's party, the Brazilian Social Democratic Party. Without meaning to openly interfere, Cardoso spoke with Jader Barbalho on 25 August.

The PDT [Democratic Labor Party] and PT [Workers Party] both of which constituted the opposition during the first half of the year, are now divided regarding Cardoso's role in the negotiations with Congress. Deputy Miro Teixeira, PDT leader in the lower house, who had designed the pact to oppose the constitutional reforms, thinks that the time to react has now come:

"I have already done my part. Now it is the turn of the president to move. If the president does not do so, he will lose control of the situation," Barbalho said.

However, Deputy Jacques Wagner (Bahia), PT leader in the lower house, said that the role of coordinator should be played by the parties rather than by Cardoso.

Cardoso Says Brazil Masters Rocket Launch Technology

PY2908185395 Rio de Janeiro O GLOBO in Portuguese 23 Aug 95 p 5

[FBIS Translated Excerpt] Brasilia — President Fernando Henrique Cardoso yesterday said that today's world is going through a period comparable to that of the Renaissance. He said that, in this new world, Brazil holds an oustanding position. The president drew this comparison during the presentation ceremony of the 12th Young Scientist Award. This has been the most optimistic speech he has delivered in recent times. The award is promoted by the National Research Council and the Roberto Marinho Foundation, and it is sponsored by the Gerdau Group. Attending the ceremony, which was held at Planalto Palace, were Vice President Marco Maciel; Health Minister Adib Jatene; Agriculture Minister Jose Eduardo Andrade Vieira; the first lady, Mrs. Ruth Cardoso; Jose Israel Vargas, the science and technology minister; Jorge Gerdau Johannpeter, president of the Gerdau Group; journalist Roberto Marinho and his wife, Lyly de Carvalho Marinho; and some congressmen. [passage omitted]

During the award presentation ceremony, Cardoso said: The world is today undergoing — I wish to point this out to young Roberto Marinho — extraordinary changes. We have already witnessed several revolutions, not only from the technological but also from the organizational standpoint. Values such as democracy and freedom are prevailing.... There has been such an enormous cultural upsurge that we often act as though we are not witnessing any major transformation.

Cardoso conveyed surprise over the fact that the press ignored his recent remarks at Embraer [Brazilian Aeronautics Company] in Sao Jose dos Campos (SP) [Sao Paulo]. He then said that Brazil has already achieved technological independence as far as operating the Satellite Launch Vehicle (VLS) is concerned.

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Cardoso said: I did not see it in the press, but I am not complaining. Those who know about this are aware of its true significance; that is, the major technological stride that entails being able to say that we are already capable of launching rockets and that we have mastered that technology. [passage omitted]

President Authorizes Foreign Banks To Buy National Ones

PY2908163895 Rio de Janeiro O GLOBO in Portuguese 26 Aug 95 p 24

[Article by Silvia Faria]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso yesterday signed a bill establishing the guidelines for the participation of foreign capital in the national financial system. The intention of the administration is to demonstrate its interest in attracting foreign capital at a moment when the national banking system is demonstrating it is "incapable of providing sufficient technological and growth capability exclusively based on internal savings," as justified by the presidential decree.

According to presidential spokesman Sergio Amaral, the objective of the bill is to allow national banks to be purchased by foreign banks, to avoid the pure and simple liquidation of banks. The difficulty finding national purchasers for bankrupt banks made possible an opening for foreign investors. The only feasible solution for the Economico Bank case is the sale of its fixed assets to foreigners who want to establish themselves in Brazil.

The bill fills in the existing legal gap on the subject given that Article 192 of the Constitution has never been regulated. The constitutional temporary measures prohibit foreign capital from founding new institutions and from increasing their participation in already existing banks.

Finance Minister Pedro Malan specifies in the bill the steps that foreign investors interested in participating in the Brazilian financial system must follow: A proposal must be made to the Central Bank, which will forward a motion of approval or nonapproval to the National Monetary Council. If approved, the proposal will be the object of a presidential decree.

President Announces 1.1 Billion Reals for Farming Loans

PY2908163395 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 29 Aug 95

[Message by Brazilian President Fernando Henrique Cardoso, from the weekly "A Word From the President" program — recorded]

[FBIS Translated Text] There is financing available for small- and medium-scale farmers for the 1995-96 harvest, the planting of which will begin in September. There is 1.1 billion reals [R] available to pay for farming costs and investments. The money, which will come from the Workers Support Group [FAT], will be transferred to the Banks of Brazil, Nordeste, and Amazonas. This is addition financing, over and above the traditional credit lines of the banks.

The financing rules, in keeping with the Rural Income and Employment Generation Program [Projeto de Renda Rural e Geracao de Emprego— Proge], are already at the disposal of the farmers in the Bank of Brazil branches. In 10 days, the money will be available in all the mentioned bank branches.

This project will benefit nearly 100,000 farmers. If you are a farmer with a gross annual income of up to R40,000, and if you depend primarily on farming for a living, you are eligible for these cost and investment loans. Cost plan loans are limited to R30,000, with a 16 percent annual interest rate. This money can be used to plant any product.

If you decide to plant either cotton, rice, beans, corn, or soybean, you will have the right to a loan equivalent to the price of your product [equivalencia produto]. This rule is applied only for the mentioned crops. Therefore, the cost plan can be applied to prepare the land and to make small investments. This is something new. The limit for investment plans will be R48,000, which will pay the TJLP, Long-Term Interest Rate, plus a six percent interest rate per year. The TJLP is currently lower than the TR [Reference Interest Rate].

If you cultivate land collectively with other farmers in an association or cooperative, you will also have access to these loans. The limit will be R150,000. With such a loan, farmers will be able to buy either new or used agricultural machinery and equipment.

We will invest 10 percent of the total resources, that is, R110 million, in the 510 municipalities included in the Community in Solidarity Program, where the lowest-income farmers live.

I have insisted on the fact that federal government resources are scarce; therefore, we must spend well and,

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wherever and whenever possible, in partnership. In this case, the partners of the government are the workers themselves. As you have observed, the funds for this program come from the FAT. Therefore, it is workers' money being returned to the workers.

Agriculture has helped the Real Plan a lot. This is why it is our responsibility to help agriculture. It is one of the most important priorities of our administration. By investing now in small producers, we are preventing them from emigrating from the country to the city next year, seeking a better standard of living. We are planting good seeds now to harvest good produce in the future.

Senate President Demands Compensation for States

PY2908154295 Rio de Janeiro O GLOBO in Portuguese 22 Aug 95 p 4

[Article by Cristiane Jungblut]

[FBIS Translated Text] Brasilia — Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party - Amapa] on 21 August advocated the approval of the tax reform, but emphasized that the states should not be harmed by the change of rules and by the strengthening of the Union. Sarney said that the new law must clearly establish the regulations for the fund that will compensate the states for the fact that no ICMS [Goods and Services Movement Tax] will be charged on exports, capital goods, and products for the farm sector.

Sarney said: "When we voted on the Emergency Social Fund, it was also said that the states would have compensation mechanisms, but those mechanisms never appeared. The distribution of revenues must be equitable, to avoid giving the Union a surplus while the states are left without sufficient funds."

Deputy Germano Rigotto (PMBD) (RS) [Rio Grande do Sul] — the government leader in Congress — has said that the compensation fund is precisely the only pending controversial topic in the proposal. Jose Anibal (SP) Sao Paulo), the PSDB [Brazilian Social Democracy Party] leader in the Chamber of Deputies, who has talked with the governors, has said:

"However much governors are calmed down, they first want to know the regulations of the fund."

Both Rigotto and Anibal believe, however, that the reform will be approved, especially the modifications that must be enforced next year. Deputy Michel Temer (SP), PMDB leader in the Chamber of Deputies, has said that the proposal will be approved because it is timid. Temer admitted, however, that governors are still concerned about possible revenue losses:

"The country had more expectations over that proposal. Yet it will be easier to approve it because it is timid. While the text is not released, it will be difficult to talk about the compensation mechanisms for the states.

Rigotto said that the part of the bill dealing with the Corporations' Income Tax will be submitted later, if it is completed on time. Another obstacle that the government will have to overcome is the PMDB reluctance — beginning with Sarney himself — to extend the validity of the Social Emergency Fund (FSE).

In the opinion of Sarney, one cannot take the risk of the FSE becoming a definitive fund. He used Fernando Henrique Cardoso's optimistic statement — which he listened to from his own office — to justify his position:

"Nowadays there is no longer an emergency. The country is in a normal situation. The president himself reported excellent figures. Therefore, we have to turn our eyes a bit to the economy of the sates."

Temer also disagreed with the extension of the FSE: "We will study the government arguments, but all provisional things are bad."

Ministers Start Interministerial Groups To Increase Exports

PY2908185795 Sao Paulo GAZETA MERCANTIL in Portuguese 23 Aug 95 p A5

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] The Foreign Trade Chamber established on 22 August three interministerial groups that will propose measures to increase Brazilian exports and advise the government on international trade negotiations. These decisions were made by Planning Minister Jose Serra; Dorothea Werneck, industry, commerce, and tourism minister; Foreign Affairs Minister Luiz Felipe Lampreia; Agriculture Minister Jose Eduardo Andrade Vieira; Civilian Household Chief Clovis Carvalho; and Ruy Pereira, acting secretary for international affairs of the Finance Ministry.

On 24 August, an interministerial group will begin defining the criteria for the evaluation of products that have potential for export but face difficulties expanding in the domestic market. Another team, comprised of representatives of the ministries that make up the Foreign Trade Chamber, will study measures to facilitate exports. The government has already favored exporters by eliminating the PIS [Social Integration Program] and Cofins [Social Security Contributions], and plans to exempt exports from paying ICMS [Goods and services Movement Tax], as established in the tax reform proposal which will be sent to Congress on 23 August. The

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government has yet to decide upon the social contributions paid by exporters, which still increase the final cost of products. Reporting on the decisions reached during the Foreign Trade Chamber meeting, Frederico Alvarez, executive secretary of the Industry, Commerce, and Tourism Ministry, said: "We will study mechanisms that may further reduce the tax burden."

A group that has been studying measures for financing of exports is already functioning. According to Alvarez, the current concern "is to make the banks more attractive" so that they can operate with the Proex [Export Financing Program] $700-million line of credit, which seeks to balance interest rates. Alvarez added that "the budget implementation has not been following the expected lines. He thus referred to the use of a small amount (only about $50 million) of the Proex credit line, which has been at the disposal of the banks in the form of government securities. Alvarez asserted: "In the past, there has been delay in reimbursing the lines of credit and this has discouraged the banks, but this has already been corrected."

The government will form a group of experts — in the academic and technical fields — to assist in the international trade negotiations. These experts will be summoned in accordance with the issues to be discussed. Alvarez said that evaluations conducted during the 22 August meeting indicated that "the August trade surplus will surpass the July one." He reported that Brazil's defense before the World Trade Organization [WTO], with regard to its position concerning the provisional measure on car imports, will be sent to the WTO headquarters in Geneva on 4 September. The defense will be presented by Brazilian representative, Ambassador Celso Lafer, who will explain that Brazil has problems regarding its balance of payments, and thus had to impose restrictions on imports.

Minister Werneck reported to her colleagues about the meeting of commerce ministers of the Mercosur [Common Market of the South], Andean Pact, and Chile, which was held in Rio de Janeiro at the beginning of the week. These countries' administrations want small- and mid-sized enterprises to become more involved in regional developement, and to count on the Inter-American Development Bank (IDB) contribution to this end.

Editorial Views Country's Position Before WTO

PY2908180095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Aug 95 p A3

[Editorial from the "Notes and Information" page: "Brazil on the Culprit's Bench at the WTO"]

[FBIS Translated Text] On 5 and 6 October, Brazil will be sitting on the culprit's bench of the World Trade Organization [WTO] in Brussels. Its crime: To have established a 70-percent tax, and increased customs tariffs on car imports. It will be up to our representative, Ambassador Celso Lafer, to present a defense that will be based on an international trade policy still nonexistent in Brazil. With regard to this sort of trade, Brazil is undoubtedly facing a difficult situation. The Mexican crisis has shown that an adjustment program cannot overlook imbalances in the checking accounts balance of payments. In addition, we are fully joining the regime for the globalization of the economy amidst a praising of liberalism, which deserves to be better defined. Finally, since the beginning of August, Brazil is no longer included in the U.S. market General System of Preference, which allowed us to export industrialized products with a zero tariff.

Brazil, with its great protectionist tradition, has begun a too-swift economic opening, without worrying (and with a certain degree of guilt resulting from some past attitudes) about negotiating the elimination of its tariff and nontariff barriers. Nowadays, whenever the country needs to review franchisings, it meets strong opposition.

The charges pressed against Brazil are based on the fact that the level of its international reserves is too high. It is pointed out that, according to IMF rules, it would be sufficient to have reserves equivalent to three months of imports (something around $20 billion). From our point of view, this argument cannot survive a deep analysis. Imports must be seen from a dynamic point of view. We need only remember that in May 1993, the reserves totaled $1.5 billion. According to the IMF criterion, they should have totaled $6 billion. We have no reason, however, to think that our purchases abroad will become stagnant. In addition, it would be enough to take into consideration only the stable and long-term reserves, which is not our case.

A 70-percent tax can hardly be defensible, but our country cannot be seen as a culprit because it has established quotas similar to those of wealthier countries. In addition, we want a solution that will allow Brazil to compete with countries that are favored with low labor costs or are able to conquer markets due to a system of subsidies that represent another type of dumping. Brazil must modify its foreign trade policy, but without having any

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sort of guilt complex. It must only show that its main objective is to increase its exports by eliminating obstacles that exist in other countries, including wealthier ones — in order to conquer new markets.

Colombia

Samper Proposes International Search Bloc To Fight Crime

PA2908165795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1612 GMT 29 Aug 95

[Report by Gilbert Vega]

[FBIS Translated Text] President Ernesto Samper Pizano has just proposed before police officers from Andean Group countries the creation of an International Search Bloc to fight all types of crime, with the same characteristics of the one operating in our country in the persecution of drug capos.

[Begin Samper Pizano recording, broadcast in progress] ...an international agreement against violence and criminality; an agreement that contemplates the implementation of effective mechanisms that will allow us to work closely and improve cooperation among our authorities; an agreement that will also permit us to form a common front, a united search bloc like we say in Colombia, in order to defeat those promoting violence and criminals. [end recording]

This was the proposal made by President Ernesto Samper Pizano upon installing the Andean Pact Uniformed Police Officers meeting, in the presence of police officers from Venezuela, Peru, Colombia, Chile, Panama, and Ecuador.

At this hour, the president is officially presenting the Search Bloc for the capital of the Republic. Additionally, the National Police Directorate and Santa Fe de Bogota Metropolitan Police are being presented with the automatic dispatch center, in the framework of the citizens' security provisions introduced in the capital of the Republic.

Carepa Mayor Reports Peasant Massacre in Uraba

PA2908145795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1345 GMT 29 Aug 95

[Report by Javier Vanegas; from the "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Carepa Mayor Osvaldo Antonio Munoz Valencia moments ago confirmed for the Caracol Network that 16 peasants were massacred early today in Los Cunas Farm in El Sitio El Diez in Uraba.

[Begin recording] [Vanegas] Moments ago, we received a report from peasants that a massacre occurred in El Diez, Los Cunas Farm. Sixteen were massacred.

[Unidentified reporter] Mayor, do you have any information about the victims?

[Munoz] No, we do not yet know the identity of those who were viciously murdered.

[Reporter] Mayor, who is to blame, according to the initial reports?

[Munoz] The people claim that a guerrilla group committed this genocide against farm workers who are followers of Hope, Peace, and Liberty.

[Reporter] Mayor, what has your office done about this?

[Munoz] We have just contacted the governor of Antioquia Department and the commander in charge of the brigade, and the necessary measures have been adopted. The Army has deployed troops to the area. Representatives of the Prosecutor General's Office and the [word indistinct] are already at the site of the massacre.

[Reporter] Mayor, what is the specific location of this new genocide?

[Munoz] Community El Diez, Los Cunas Farm.

[Reporter] How far is this from the departmental capital of Uraba?

[Munoz] About 10 km. [end recording]

Samper Criticizes Criminal Actions

PA2908192095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1725 GMT 29 Aug 95

[From "The Midday Newscast"]

[FBIS Translated Text] The Colombian president has said that with their belligerent attitude, the criminals are only demonstrating the irrationality of their political purposes and the brutality of the path they have chosen to validate their sinister intentions.

The chief of state toured different branches of the National Police this morning, inaugurated a summit of uniformed police of the Andean Group, the new Automatic Dispatch Center, and addressed police commanders of the country in connection with the measures that have been announced by the national government to counter the insecurity of citizens.

Regarding the Uraba incidents, the president stated:

[Begin Samper recording] What I have said is that disparaging actions such as those that occurred in Uraba will not occur again. That is not the way to carry

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out a misunderstood proselytizing campaign, through violence, death, and terror. Just as approximately 15 days ago I announced in Uraba social programs for over $400 billion for the zone of Uraba, tomorrow the security and public order ministers will go to hold a security council in the zone of Uraba to assure the residents of Uraba that the government will not abandon them. [end recording]

The president greeted the men of the Search Bloc, who as of today will launch an anti-crime offensive in the country's capital. Something that seemed strange to all of us is that Antanas Mockus, the city mayor, did not attend this event, despite the fact that it involved security measures for the capital.

More Details of 'Massacre' Reported

PA3008023995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 30 Aug 95

[Report by Jorge Vargas in Bogota, William Calderon in Medellin, and Jorge Humberto Moreno in Carepa; from the "Seven O'Clock Newscast" — passages within quotation marks recorded]

[FBIS Translated Text] [Vargas] A new massacre is shaking the country. Seventeen people were assassinated in Carepa, Antioquia Department, early today. We now greet William Calderon in Medellin. He has details about this information. Go ahead, William.

[Calderon] Unfortunately, we have very bad news. Seventeen people were assassinated in Carepa today. They were activists of the political group Hope, Peace, and Liberty [EPL] and were en route to work in two buses when hooded men forced them out, and they were indiscriminately massacred. Our special envoy, Jorge Humberto Moreno, went to the massacre zone:

[Moreno] "At approximately 0630, approximately 30 people wearing police uniforms set up a roadblock at Los Cunas, located 10-12 km from the urban center of Carepa. Sixteen people were chosen, according to a list, and taken down from four vehicles that carried banana workers to various farms. Their hands were tied, they were thrown on the ground, and they were then shot. Witnesses have told the authorities they heard the assassins saying the people they were (?executing) were members of the people's commandos. Moreover, police spokesmen said the 16 men shot point-blank were EPL members reintegrated into society. They worked in Los Cunas and Los Almendros Farms.

[17th Brigade Commander General Victor Alvarez] "The people's solidarity toward their legitimate forces, the Army, police, and other security organizations, is needed in Uraba so we may achieve peace in the zone.

[Moreno] "AK-47 rifles and 7.62 caliber ammunition were used in the new massacre, which happened in the banana region. People who live in these villages and camps are abandoning the area and seeking places where they have more guarantees concerning their safety.

[Carepa Mayor William Munoz] "We hope to review more in-depth measures in a meeting with the interior minister and the governor of Antioquia, because we have held many security councils and have failed to see effective measures. We will see what positive conclusions we can reach."

[Calderon] Antioquia leaders and politicians commented on this new event, which brings sorrow to the country. Meanwhile, the defense minister will visit the massacre area tomorrow:

[Calderon] "You directly accuse the FARC [Revolutionary Armed Forces of Colombia] for this new massacre. Why?

[EPL Deputy Mario Agudelo] "Because the truth is that various settlers recognized those who participated in the massacre, also because the FARC has been carrying out various actions for the last 15 days against those who have been reintegrated to society — this includes the actions in Churido and Mapanare.

[Banacol President Edgar Gonzalez] "Naturally, the ideal thing would be to seek agreements, if this is possible, but if reality shows this is not so, then it calls for another type of action, no?"

Majority Does Not Mind Possible Samper Links to Drug Money

PA2908201495 Madrid EFE in Spanish 0903 GMT 29 Aug 95

[By Antonio Martinez]

[FBIS Translated Text] Santa Fe de Bogota, 29 Aug (EFE) — Two out of three Colombians do not mind that their President Ernesto Samper could have been elected with drug trafficking money. They think that "there is no reason for such a scandal," because the same has happened in other elections for many years.

Six out of 10 Colombians are convinced that the Cali Cartel contributed funds to Samper's electoral campaign in 1994, but seven out of 10 think that he should not resign the presidency for this reason.

This is revealed by a poll conducted by the Gallup-Colombia Firm on 24 and 25 August and commissioned

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by SEMANA magazine, which entitled its report: "Oh, What Confusion, Oh What Chaos!"

Sixty-six percent of the Colombians polled think that "for a long time all political campaigns have received drug trafficking money to a greater or lesser extent and that there is no reason for such a scandal."

Twenty-two percent, however, think that Samper's campaign was a special case, because it received "too much" money from the Cali Cartel.

The Gallup poll seems to contradict the repeated statements by Colombian Prosecutor General Alfonso Valdivieso that there has been an important change in opinion in this country in the past years regarding drug trafficking, which had been tolerated and is now being reviled.

It also seems to reinforce Samper's decision to remain in the presidency until the end of his term (1998).

Fifty percent of Colombians think that former Defense Minister Fernando Botero, Samper's right-hand man during the 1994 campaign, knew about the infiltration of Cali Cartel money, while 35 percent think that he is innocent.

Fifty-five percent of those polled, however, described as "unfair" the arrest of Botero on 15 August for this reason even assuming tha he is indeed responsible.

Forty-one percent think that Samper and Botero were aware of the drug tfficking infiltration, 16 percent think that only Botero was aware, and 29 percent think that neither of them knew.

The percentage of those who are convinced that the Cali Cartel infiltrated Samper's electoral campaign rose from 45 to 59 percent between April and August.

According to the Gallup poll, however, seven out of 10 Colombians think that Samper should not resign or leave the presidency while he is being investigated, as proposed by two of his opponents in the elections, namely, liberal Enrique Parejo and conservative Andres Pastrana.

Fifty-one percent of those polled have a "favorable" impression of the president, while 30 percent have an "unfavorable" one.

SEMANA reported that Samper has the strongest support among the middle class (63 percent) and the weakest among the upper class (47 percent).

The confession of Santiago Medina, treasurer of his campaign, that he received from the Cali Cartel. [incomplete sentence as received]

Possible Drug-Related Deaths Investigated

95CA0349A Santa Fe de Bogota EL TIEMPO in Spanish 13 Aug 95 p 19A

[Article: "The Extermination of the Builders"]

[FBIS Translated Text] *More than 800 hiding places of Valley drug traffickers destroyed.*

The bodies of construction workers—some in pieces—have been found floating in the Cauca River. The Cali Task Force is investigating nearly 300 such crimes and cases of missing persons.

Valley drug traffickers are modeling themselves after the Egyptian pharoahs and their late archenemy Pablo Escobar: They hire workers to build mazes and hiding places and then simply cause them to disappear.

Over the past year, authorities have torn down more than 800 hiding places in the Valley and obtained sufficient evidence of the disappearance or violent deaths of nearly 300 bricklayers involved in such construction projects. All indications are that the architect who designed the hideouts would also finger the victims.

EL TIEMPO has spoken with several officials from the Cali Task Force who discovered and individually inspected the traffickers' hiding places—men who are now past masters at investigating the hideouts of the barons of narcoterrorism, drug trafficking, and corruption.

The story of the Colombian kingpins' hiding places began with those built by the Medellin cartel and first discovered at the time of Operation Cocorna in July 1990. At the time, Pablo Escobar and Jorge Luis Ochoa Vasquez were fleeing the net set for them by law enforcement units that led to their capture at El Oro Ranch in Magdalena Medio.

Two months after the initial offensive was launched, investigators discovered camouflaged passageways and four escape routes. The two men later fled through one of these.

According to Task Force officials, Escobar and a man known to the cartel as "Chepe Volqueta" built hiding places on all of the drug chieftain's properties and even at La Catedral Prison. Authorities found six such hideouts at the prison, one of them in Escobar's room [as published] and another in the kitchen. "These hideouts were rudimentary constructions compared with their enemies' shelters."

The basis for this conclusion? As it hunted down the godfathers of the Valley cartel over the past year, the Task Force learned that the drug lords' shelters ranged from fake doors to passageways connecting them

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with bathrooms and rooms. Access was denied to all but those with a sophisticated understanding of the electronic system of operation.

In addition, the Valley architect had built hermetically sealed hideouts, hidden tunnels and secret corridors up to 30 meters long for the *capos* and their "dogwashers" (quasicapos). These passageways might connect the room of one apartment with the bathroom of another, for example, and were always designed with an eye to the drug bosses' escape.

"Unlike the Medellin builders, who were forced to accommodate the hideout in some portion of the building, the Cali architect was able to take advantage of the construction boom and include the secret compartment in the original blueprint!"

This strategy of the cartel—useful in foiling, as if by magic, the most intense dragnets set up by the authorities—forced a modification in tactics employed by the elite units assigned to the final months' pursuit.

The Task Force currently has officers with extensive knowledge of plumbing, electricity, electronics, bricklaying, engineering, and architecture. Moreover, they are equipped not only with radios, bloodhounds, and weapons, but also with marbles, ballpoint pens, flashlights, screwdrivers, hammers, gas guns, and sensors capable of detecting the heat given off by a human body or picking up a heartbeat even through a wall.

The new team also includes Magnum, Nina, and Danco, Labrador and German Shepherd dogs especially trained to sniff out humans, drugs and explosives.

In the words of one of the officials, they serve a single purpose: "to help locate the whereabouts of a drug kingpin and discover secret passageways used to conceal documents, drugs and weapons, hide criinals, and torture enemies.

"These places, which smack of Forensic Medicine, can guarantee the drug lords safekeeping for months. Some corridors are so private that the architect handled the systematic disappearance of those who designed and built them!"

Based on intelligence and information supplied by former aides to drug traffickers, the Task Force has successfully dismantled over 800 hiding places and subsequently discovered the site where the workers who helped build them were slaughtered.

One agent involved in the pursuit of Valley dopers reports: "Many are missing. We found others in the Cauca River, their bellies slashed open and filled with stones. We even know of one case in which they cut a bricklayer in pieces, put him in a drum, filled it with concrete, and dumped it in the river."

One of the biggest surprises awaited Task Force officials who found nine hideouts in a single house on property belonging to Henry Loaiza, "El Alacran" [The Crab].

"An informer had told me there was a hideout. I looked for a button in the roses, inside electric outlets, alongside tiles and lamps, but with no luck. Finally, I felt a tiny opening in a table. I stuck the tip of my ballpoint pen into the orifice and just like in Mission Impossible, an enormous piece of furniture built into the wall opened up to reveal a hiding place as big as a room.

"Which is why, when you're searching for a hiding place, you cannot just go around tapping on walls and floors looking for hollow spaces. Now, to give you an example, if the floor is marble, you roll a marble or ball bearing across the floor. If it jumps even a millimeter, there may be a hiding place. If there is a bar, you have to move every single bottle because one of them may be the key to get in. If you measure a wall, the measurements have to be the same on the inside as they are on the outside. If they aren't, something's wrong!"

This warning was based on a recent incident: On 15 July, Miguel Rodriguez stayed in Apt. 402 in the Santa Rita Building in Cali for over ten hours, hiding behind a wall 42 centimeters thick that was impossible to detect until he escaped!

"If Miguel had made it to the hideout one more time the day we caught him," one official observed, "we would have had to tear the whole apartment apart, which would have taken us over ten hours. Fortunately, he had only one foot in when we caught him!"

The hideout in the tenth-floor apartment in the Hacienda Buenos Aires Building on Cerro de las Gruces in West Cali is the last hiding place discovered by the Task Force. It had its own oxygen supply, air conditioning system, folding chair, a kind of medicine cabinet, and a book to read: "The Colombian Prison System."

Statistics on Kidnapping Reported

95CA0348A Santa Fe de Bogota EL TIEMPO in Spanish 8 Aug 95 p 16A

[Article: "Kidnapping Is Gnawing Away at Colombia"]

[FBIS Translated Text] *So far this year, 665 persons have been kidnapped. Notwithstanding the government's efforts to combat kidnapping, the number of cases continues to rise. According to figures obtained by the Pais Libre Foundation, the proceeds of subversion and common-law crime are estimated to have totaled some 630 billion pesos over the past five years.*

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Between January and June of 1995, the number of kidnappings in Colombia diminished by approximately 21 percent compared to the same period in 1994. Despite this drop, however, and for the first time ever, the kidnapped victims included housewives, accounting for a portion of these countrywide statistics.

Kidnappings During First Half of 1994 and 1995

Period	Number
January-June 1994	750
January-June 1995	592

Source: Pais Libre Foundation. Graphics: Editorial Art, EL TIEMPO.

Moreover, kidnapping has reached such a level that, according to the latest statistics compiled by the DINASE [Anti-Kidnapping and Anti-Extortion Directorate], Colombia has overtaken even Italy, which until five years ago was the country with the highest rate of kidnappings.

The DINASE statistics obtained by the Pais Libre Foundation indicate that during the first six months of this year, 592 persons were victims of kidnapping in Colombia. The number to date, however, totals 665. Only 20 percent of these (118) were rescued by the authorities. Another 145 persons were released, 14 escaped their captors, 44 were assassinated by their captors, and 344 are still captives as of this date.

Rescues and Status of Kidnap Victims — January-June 1995

Status	Number
Rescued	118
Released	145
Escaped	14
Assassinated	44
Still Captive	271
Total	592

Source: Pais Libre Foundation. Graphics: Editorial Art, EL TIEMPO.

These statistics are cited in the Pais Libre Foundation document titled "Report on Kidnapping in Colombia," which also includes a summing-up of the evolution of this scourge since the first kidnapping in the country was reported on 31 January 1933.

The document states that of the total kidnappings known to have taken place so far this year, 48 percent (288 cases) were committed by common-law criminals, and 52 percent (304) by subversives. Of the latter, 154 cases have been attributed to the FARC [Revolutionary Armed Forces of Colombia], 119 to the ELN [Army of National Liberation], 18 to the EPL [Popular Liberation Army], and 13 to M-19 [19 April Movement] dissidents.

Kidnappings During January-June 1995

Type	Number	Percent of Total
Common-law crime	288	48
Subversive	304	52
Total	592	

Source: Pais Libre Foundation. Graphics: Editorial Art, EL TIEMPO.

The hardest-hit sector is comprised of occupations in several areas (private-sector employees, educators, public-sector employees, miners, government officials, and the police), and has totaled 301 victims. It is followed by the merchant sector, with 98 victims; minors, with 69 victims; cattlemen, with 55; farm workers, with 29; foreigners, with 29; and housewives, with 11.

Those Affected

Groups	Kidnappings
Occupations - various	301
Merchants	98
Minors	69
Cattlemen	55
Farm workers	29
Foreigners	29
Women-housewives	11

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Groups	Kidnappings
Total	592

Source: Pais Libre Foundation. Graphics: Editorial Art, EL TIEMPO.

Most of the foreign victims were Venezuelans, totaling eight cases reported to the authorities, followed by: six Americans, three Italians, three Britons, two Koreans, one Austrian, one Brazilian, one Israeli, one Swiss, one German, one Lebanese, and one Turk.

The foreign citizens living in this country have also shed their share of blood. Three of them were assassinated by their captors; three escaped; and three others were rescued.

Ten foreign victims were released, and ten are still in the hands of the criminals.

During the first half of the year, May had the highest monthly rate, with a total of 122 persons of different categories victimized by the criminals. April had the lowest rate, with 77 cases. According to the cited statistics, the countrywide total as of 1 August was 665 victims.

As for the regions most plagued by the problem, Antioquia, despite its having posted an 8-percent reduction in number of cases, continues heading the list with 126 cases, followed by: Cundinamarca with 52 cases; Cesar with 44; Valle with 39; and Tolima with 29. This department posted an increase of 164 percent with reference to 1994.

Comparative Table of Kidnappings January-June 1994/ 1995 - By Departments

Departments	1994	1995	Percent Change
Amazonas			
Antioquia	117	126	8
Arauca	8	18	125
Atlantico	7	13	88
Bolivar	9	11	22
Boyaca	18	11	-39
Caldas	8	5	-38
Caqueta	10	17	70
Casanare	13	9	-31
Cauca	41	14	-66
Cesar	45	44	-2
Cordoba	61	22	-64
Cundinamarca	55	52	-5
Choco	10	12	20
Guainia	3		-100
Guajira	5	6	20
Guaviare	1	1	0
Huila	12	23	92
Magdalena	25	28	12
Meta	35	16	-54
Narino	10	14	40
Norte Santander	35	20	-43
Putumayo	12	3	-75
Quindio	3	3	-75
Risaralda	7	5	-29
San Andres [no figures given as published]			
Santander	99	31	-69
Sucre	33	13	-61
Tolima	11	29	164
Valle	43	39	9
Vaupes [no figures given as published]			
Vichada	1	4	300
Venezuelan border	6	3	-50
Other borders	7		-100
TOTAL	750	592	-21

Source: Pais Libre Foundation. Graphics: Editorial Art/EL TIEMPO.

The Profits

According to the Pais Libre report, kidnapping for ransom made its appearance in Colombia in 1962. Two

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years later, 42 kidnappings took place in the country. Ransoms paid for rescues totaled 2,403,000 pesos. The number of cases continued rising, and skyrocketed in the 1980s to the point where they became the nightmare the country is experiencing today.

At the outset of the 1980s, 44 kidnappings for ransom were reported in Colombia, requiring the payment of 109,600,000 pesos. By 1985, kidnappings had increased to the point of totaling 286 victims in that year, involving payments totaling 20 billion pesos in ransom money. The criminals were only too well aware by then of the enormous profits to be made from this form of crime.

Between 1990 and 1992, more than 4,000 persons were kidnapped, and in 1991 alone the perpetrators reaped more than 296 billion pesos in ransom payments.

According to the studies carried out by Pais Libre, one of the main inducements to kidnapping is specifically the economic incentive.

And despite the efforts of the UNASE [Anti-Kidnapping and Anti-Extortion Units]—which between January and June of this year prevented the payment of 14.088 billion pesos and of $1.1 million for 186 of the 355 known cases of kidnappings for ransom—kidnapping activities over the past five years are estimated to have channeled profits totaling over 630 billion pesos from proceeds into the coffers of subversive and common-law criminals.

DINASE intelligence reports indicate that, in 76 percent of the cases, extortion is the principal motivation behind this crime. But there are other motives as well. Some 20 percent of the cases are attributed to simple kidnapping, affecting mainly the coffee-growing region, Huila, and the Atlantic Coast; and approximately four percent to political motives.

According to these reports, the latter four percent includes intentional temporary disappearances on the part of the "victims."

Another factor fueling the committing of this crime is the impunity that surrounds it. Only two percent of the kidnappers captured are condemned by the courts, says Pais Libre.

Thus far this year, the fight against this crime has resulted in the killing of 15 kidnappers, capture of 267, the seizing of 32 weapons, and the impounding of 25 vehicles.

During July alone, 73 persons were kidnapped, including two foreigners; 28 were released, 17 were rescued, and two persons managed to escape from their captors. Also during this month, four kidnap victims were assassinated, and the authorities killed four kidnappers, and captured 50 others.

The National Police continues spearheading the fight against this scourge. Of the 118 rescues achieved during the first half of the year, 51 were the result of operations carried out by that institution, 47 were carried out by the UNASE, 14 by the Armed Forces, four by the DAS [Administrative Department of Security], and two in joint operations conducted in the border zone by the Police with the collaboration of the Venezuelan authorities.

The statistics are incredible, and today the kidnapping industry is battering hundreds of Colombians, regardless of categories. As pointed out by the Pais Libre document, "the life and freedom of human beings have lost all their value. The rights that the National Constitution cites as fundamental have no inherent value whatever in the minds of the kidnappers. The only thing that counts for them, and always, is how much those rights may represent for them in terms of ransom money.

But the economic aspect of the kidnapping industry is not the only one that must be borne in mind. Important also are the psychological effects that the crime produces not only on its victims but also on their families, for whom confronting this event, the uncertainty it entails, the negotiation, or even the death of their loved one becomes a true hell. (See the accompanying box)

[Box]:

'We Only Want Them To Return Him to Us Alive'

"The defenselessness and uncertainty are deadly. One feels like the most insignificant being in the world, because one can do nothing to solve the problem of a loved one who is facing a problem. One can only put his faith in God, hoping that He will soften the hearts of those who are holding the victim so that they will release him. That is one's only hope day in and day out.

"From the first day on, one is unable to eat well, to work, to sleep. One is completely paralyzed, his only hope being to receive a call; and the day's work is upset because one is unable to even so much as think. One's mind is engaged in a 24-hour struggle; one goes to bed with it, and gets up with it; sleepless nights are many; one thinks constantly of the old man and how he may be doing, and loses his appetite at the sight of a plate of food, wondering if the old man has yet eaten.

"We have found our young son—an eight-year-old kid who doesn't understand why these things occur—alone, crying for his grandfather..."

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This testimony of Anuar Yaver Cortes, former manager of Corpes de la Costa and, since 1991, alien to all political activity, cannot be more dramatic. It portrays the situation his family has been experiencing for over two months since his father, a septuagenarian with serious health problems, was kidnapped.

Seventy days ago, three young men arrived at a farm machinery repair shop located in Aguachica (Cesar) and carried away Anuar Yaver Yaver, a 74-year-old man who has spent a great deal of his life working in the fields. Since then, his family has heard nothing concerning his whereabouts.

The grain harvester operator and his assistant who were with him at the time were unable to do anything, and although it all took place in broad daylight, no one saw anything concerning the kidnapping of Yaver, a 40-year resident of Chiquinquira, of Lebanese extraction, who is known and liked by the town's entire population.

His family has still not understood why he was kidnapped. "He has never been threatened. He is not a man of means, and if his bank account is [viewed] it will be evident that over the past ten years his balance has barely been sufficient to live modestly. He has never taken part in public affairs, and neither directly nor indirectly has he ever taken part in politics," says Yaver Cortes, the third of his eight offspring.

For the Yaver family, including the two minors, ten and four years old respectively, the kidnapping of their father has been a torment with which they have been living 24 hours of every day since 31 May.

A Humanitarian Gesture

The authorities have sufficiently reliable indications on which to base the belief that Yaver is being held by the ELN's Camilo Torres Front. According to sources consulted by this newspaper, there are many persons in Aguachica who collaborate with the subversives, and they have leaked this information; but the victim's family have not received a single call or a ransom demand following Yaver's kidnap.

This situation is exacerbating his family's uncertainty because Yaver is in very bad health. According to his son, Yaver has three coronary lesions, a gastric ulcer, a hiatal hernia, hemorrhoids in an advanced stage, chronic bronchitis, and high blood pressure. "My father can neither walk at nor withstand high altitudes, nor can he be exposed to rain. He can neither eat everything nor withstand quick changes in temperature. These are physical limitations that, given the conditions in which the guerrillas live, affect him very much more than they affect his captors.

"They must show at least a little compassion toward this old man," he said, "by releasing him as quickly as possible, inasmuch as he represents neither political nor economic value to them, and our only aim is to rescue our father alive. All we want is for him to be returned to his family safe and sound; all we want is for them to return him to us alive."

Last week, the mayor of Aguachica, Luis Fernando Rincon Lopez, joined the Yaver family's appeal, with a message sent by him to the Reverend Father Manuel Perez, commander of the ELN, requesting that as a peace gesture he order the immediate release of the septuagenarian without any political or economic demands in return.

The mayor agreed with the Yaver family that the release of Yaver Yaver would be a gesture of good will in keeping with the positions the ELN has taken with respect to compliance with international norms on human rights.

"The family's main concern," said Yaver Cortes, "is that even as the guerrillas posit the humanization of the conflict and the respecting of human rights, they themselves, by kidnapping our father, are violating international norms, because of his age, because of his health, because he is alien to the conflict that besets the country, and because he is an honorable man."

Ecuador

Peruvian Ambassador Presents Credentials

PY2908204595 Quito Voz de los Andes in Spanish 1700 GMT 29 Aug 95

[FBIS Translated Text] In a telephone conversation with correspondent Loyda Carriel from the Presidency of the republic, she told us that members of the presidential security service attacked journalists accredited at Carondelet Palace. In this attempt to quote, maintain, unquote order one journalist was injured, cameras were destroyed, and other journalists were insulted.

We object to this attack and hope government palace authorities and the press secretary of the Presidency will order an exhaustive investigation.

The written media, television, and radio should not start experiencing problems in the midst of the climate of unrest that prevails in the country.

We are listening to you, Loyda Carriel.

[Begin recording] [Carriel] At the Carondelet Palace this morning President Sixto Duran-Ballen received the credentials of Peruvian Ambassador Hugo Palma Valderrama. The Peruvian ambassador, who replaces

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Eduardo Ponce Vivanco, had previously received the Ecuadoran Government's approval to his appointment.

After receiving the documents accrediting Ambassador Palma Valderrama as Peruvian representative to Ecuador, president Duran-Ballen exchanged opinions on various bilateral issues.

After leaving the Carondelet Palace the Peruvian ambassador spontaneously addressed journalists standing outside the palace building. He noted the importance of the Rio de Janeiro Protocol and at the same time said that his country hopes this treaty will be fully implemented. He refused to discuss any other subjects or answer questions posed to him by the journalists.

He asserted that his country hopes bilateral relations with Ecuador will be definitely restored for the sake of a brighter future.

[Palma] Journalists, good day to all of you. I wish to point out that I have just had the satisfaction of handing to Sixto Duran-Ballen, his excellency the president of the Republic, letters accrediting me as Peruvian ambassador of this neighboring country with which we are linked by geographical, historical, and many other ties. As I conveyed the greetings of my country's chief of state, I voiced my satisfaction over being appointed to represent the Peruvian people and government in Ecuador.

I have pointed out that the current circumstances of our relationship will demand a great effort so that the people of Ecuador and Peru may envision a future of understanding and cooperation that is in keeping with the tendencies that [word indistinct] we are approaching will be favorable for the two countries to find a way of channeling their peoples' intelligence and creativity for the development of the education, health, and well-being of the great majorities.

A lot can be done if we start off by admitting that our interstate relations must be based on international law and must especially be within the judicial framework that link Peru and Ecuador. I have expressed our hopes that the Peace, Friendship, and Limits Protocol signed in Rio de Janeiro in 1942 will be fully implemented in the near future and thus allow us to make progress in the multiple spheres of bilateral and multilateral actions that would be mutual advantageous for Peru and Ecuador. [end recording]

The Peruvian diplomat is a lawyer and has a degree in international law. He joined the Peruvian foreign office in 1962. His last post was extraordinary and plenipotentiary ambassador to France and permanent representative to the United Nations Educational, Scientific, and Cultural Organization.

President Duran-Ballen Calls For Plebiscite 26 Nov

PY2908203795 Madrid EFE in Spanish
1939 GMT 29 Aug 95

[FBIS Translated Text] Auito, 29 Aug (EFE) — Ecuadoran President Sixto Duran-Ballen called today for a plebiscite on 26 November 1995 which would include the possibility of the president dissolving Congress "only once."

One of the questions that will be posed to the Ecuadoran people is: "During his constitutional mandate the president of the Republic will be able to dissolve the National Congress only once and simultaneously call for the early election of deputies which must be held within 60 days after the dissolution."

The other constitutional reforms proposed in the plebiscite are the possibility of privatizing the social security system, prohibiting the public workers' right to strike, and reforming the judicial system, which the government wishes to "depoliticize."

Further on Call for Plebiscite

PY3008023795 Madrid EFE in Spanish
2124 GMT 29 Aug 95

[FBIS Translated Text] Quito, 29 Aug (EFE) — Ecuadoran President Sixto Duran-Ballen today summoned a plebiscite for 26 November which would also include a proposal to dissolve Congress "only once."

One of the proposed constitutional reforms states: "During his constitutional mandate the president of the Republic will be able to dissolve the National Congress only once and simultaneously call for the early election of deputies which must be held within 60 days of the dissolution."

The document summoning the plebiscite, to which EFE had access, explains that in view of this Congress will appoint a legislative commission that will operate until a new congress is elected.

According to the text of the proposal, the deputies to be elected "will exercise their duties for the remainder of the presidential term."

The other constitutional reforms proposed in the plebiscite, which were recently rejected by Congress, include the possibility of privatizing the social security system, prohibiting the public workers' right to strike, and reforming the judicial branch, which the government wishes to "depoliticize."

In addition, the plebiscite proposes that the president and vice president of Congress be elected for a two-year term — they are currently elected every year —

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"through a secret vote and the absolute majority of Congress."

The plebiscite also proposes the establishment of a Constitutional Court seated in Quito. The president will be entitled to appoint three members of the Constitutional Court; Congress will be entitled to appoint three others, and the Supreme Court the remaining three members.

Other issues contained in the proposal are to implement a greater decentralization of the administration in different areas, and for the general budget to be drafted and implemented "at the provincial level."

Regarding the privatization of the social security system, the president will propose that the Constitution allow people to choose their social security system and opt for either the Social Security Institute or other "public or private" companies. Congress, however, has already rejected this proposal.

Regarding the unionization of public workers under the title "elimination of privileges in the public sector," the reforms propose to abolish the right of public workers to be protected by the Labor Code, with the exception of wage earners.

It also prohibits the paralyzation "even in case of a strike" of public health, education, transportation, water, energy, fuel, and telecommunications services and of the administration of justice. If the strike is upheld it will be considered "an infraction of the law."

This reform, which was also rejected by Congress, resulted in a general public services strike last July.

The plebiscite also proposes that Congress include the approved reforms in the Constitution 90 days after the plebiscite.

Within the next few hours, the Supreme Electoral Board will be notified about the decree summoning the plebiscite that was issued by the president today and which is justified by the fact that Congress has not "pronounced itself in its entirety" on the constitutional reform proposal which the executive branch submitted by the end of 1994.

Macias Questions Duran-Ballen, Takes Defendant's Seat

PY2908134095 Madrid EFE in Spanish
0258 GMT 29 Aug 95

[FBIS Translated Text] Quito, 28 Aug (EFE) — Miguel Macias, president of the Supreme Court of Justice (CJE), today summoned Ecuadoran President Sixto Duran-Ballen for questioning in regard to criminal action involving supposed corruption. Later Macias went to Congress to attend his own impeachment hearings in another case of possible corruption.

Macias' resolution establishes that within a period of 48 hours, President Duran-Ballen; Abraham Romero, his government minister (of interior); and Comptroller General Juan Carlos Faidutti must respond under oath to several questions regarding the handling and disposition of the secret reserved funds handled by Vice President Alberto Dahik.

Duran-Ballen and Romero Faidutti must respond in writing to several questions designed to establish whether they were aware of the procedures used by Dahik to handle these funds, in a manner contrary to the rules establishing that he must deposit those funds in his name at the Central Bank and earmark them only for matters related to national defense and security.

The vice president, who had admitted that such secret funds were deposited in private banks under the names of two of his private secretaries, is facing, for this reason, criminal action on the basis of a submission by two deputies.

Macias and two other justices, Supreme Court judges, are also accused of having issued a ruling which forces the Ecuadoran Social Security Institute (IESS) to pay a large indemnity sum to a construction company.

The judicial ruling issued by the Supreme Court president also establishes that on 30 August Foreign Minister Diego Paredes and radio reporter Gonzalo Rosero must report to his office "to give their own testimony."

Rosero had said that Foreign Minister Paredes participated in the frustrated negotiations for the sale of a radio station he owns, and that he received as down payment a check for $25,000 corresponding to the bank account of the vice president's secret expenditures.

Speaking to the Chamber of Deputies, the Supreme Court president repeatedly said that the impeachment proceedings against him violate the principle of separation of powers.

He defended his performance, however, before the Chamber of Deputies and argued that it is a "perversity, calumny, and act of wickedness" to state that the ruling against the IESS ordered the payment of any amount, because "the only thing we did was to say that the payment of an indeminity for damages was appropriate."

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Congress Removes Court President for Violating Constitution

PY2908135195 Buenos Aires TELAM in Spanish 1131 GMT 29 Aug 95

[FBIS Translated Text] Quito, 29 Aug (TELAM-SNI) — The Ecuadoran Congress today dismissed Miguel Macias Hurtado, president of the Supreme Court, under charges of violating the Constitution by ruling against the Ecuadoran Social Security Institute (IESS).

Macias' dismissal, as well as that of two other Supreme Court justices, may have repercussions in the criminal actions against Ecuadoran Vice President Alberto Dahik, charged with corruption.

Macias had stated that his possible dismissal may be an attempt to stop the case involving the vice president, who is charged with embezzlement.

Last week Macias said that "if they dismiss me as Supreme Court president it is simply because I am handling two important cases and they do not want me on these cases anymore."

Macias ordered the temporary detention of Dahik's secretaries, Gladys Merchan and Juan Mario Crespo, who are at large.

Macias ordered their arrest after opposition deputies charged Dahik and his secretaries with owning private bank accounts in which they have deposited more than $485,000 in public funds.

Four months ago the Democratic People's Movement requested that three Supreme Court justices be tried for a Supreme Court ruling against the IESS.

The ruling ordered the IESS to pay a $3.4 million indemnification to contracting companies, although the plaintiff demanded only $11,441.

Moreover, Dahik, who is charged by five political organizations with "blackmail, abuse of authority, and infractions that seriously affect national honor," is also facing impeachment.

Macias Terms Dismissal 'Unconstitutional'

PY2908183295 Quito Voz de los Andes in Spanish 1700 GMT 29 Aug 95

[FBIS Translated Excerpt] At approximately 0300 this morning, the Ecuadoran Congress dismissed Miguel Macias Hurtado, president of the Supreme Court, and is now focusing its attention on Vice President Alberto Dahik, who may face another trial within the next few hours.

The dismissal of Macias Hurtado and two other justices took place within the framework of a serious political crisis in which the three state branches are seeking to eliminate each other under mutual charges of corruption.

Macias, who this month ordered the opening of a penal trial against the vice president under charges of alleged embezzlement, was dismissed at dawn today together with two other justices by a vote of 48 in favor, 18 against, and one abstention.

The three justices were charged with violating the Constitution due to a ruling that was harmful to the Ecuadoran Social Security Institute.

During his trial, Macias questioned the legitimacy of the process, noting that the Constitution does not grant Congress the power to judge the Supreme Court's rulings.

Macias told Congress that in the judicial field, the Supreme Court has the final say in the matter, and that no other organization can modify its resolutions. The legislators only have the power to judge ministers and judges for crimes or acts of indiscipline, such as becoming intoxicated at work.

Macias went on to say that he had not come to Congress to ask for permission to remain in his post but to warn that the process was unconstitutional. [passage omitted]

Armed Forces Reorganized; Military Command Listed

95P21007A Guayaquil EL UNIVERSO in Spanish 23 Aug 95 p 5

[FBIS Translated Text] Quito—The three branches of the Armed Forces have reorganized in the last two months in accordance with Personnel Statute stipulations. The command cadre will remain the same for one year. On Monday, a changeover took place in the General Command of the Ecuadoran Air Force, and the post is now occupied by Lieutenant General Fernando Martinez de la Vega. Similar changes previously took place in the Navy, the Army, and the Joint Command. With these changes, the top command of the Armed Forces is now composed of 39 general officers and admirals of the Army, Air Force, and Navy.

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Military Command

Officer	Function
Grae. [Army Commander] Alfonso Alarcon Santillan (r)	Minister of National Defense
Grad. [Division General] Jorge Ortega Espinoza	Chief of the Joint Command [Comaco]
Grad. Paco Moncayo Gallegos	Commander of the Army
Grad. Jose Villamil de Ia Cadena	Army Chief of Staff
Tgral. [Lieutenant General] Fernando Martinez de 1a Vega	Commanding General of the FAE [Ecuadoran Air Force]
Grad. Jose Herrera Ruiz	Comaco Chief of Staff
Grad. Cesar Duran Abad	Under Secretary of Defense
Grad. Patricio Lloret Orellana	Chief of Comaco Operations
Valm. [Vice Admiral] Jorge Donoso Teran	Commander in Chief of the Navy
Valm. Hugo Canarte Jalon	Navy Chief of Staff
Grad. Jorge Salinas Clavijo	DINE [Army Industries Directorate] Director
Valm. Cristobal Moncayo Martinez	Commander of Guayaquil Naval Operations
Grab. [Brigade General] Gustavo Lopez Moreno	Chief of the Military Mission in the United States
Grab. Francisco Manosalvas Aragon	Commander of the 23-CEE [expansion not given]
Grab. Aurelio Ordonez Moreno	Director of Army Logistics
Grab. Patricio Nunez Sanchez	Director of Army Operations
Grab. Walter Valdivieso Cabrera	Comaco Intelligence Chief
Grab. Carlos Mendoza Poveda	Commander 5-BI [Infantry Brigade] Guayas
Grab. Telmo Sandoval Barahona	Secretary of the National Security Council
Grab. Manuel Suarez Suarez	Chief of Army Intelligence
Grab. Elias Gordon Estrella	Commander of the I-DE [Army Division] Tarqui
Calm. [Rear Admiral] Timoshenko Guerrero Rivadeneira	
Brig. [Brigadier] Hernan Quiroz	FAE Chief of Staff
Brig. Patricio Gonzalez Arellano	
Brig. Hernan Batallas Velasco	
Brig. Carlos Puga Ruso	DAC [Civil Aviation Directorate] Chief
Brig. Carlos Espinel	
Brig. Ricardo Irigoyen Ojeda	
Grab. Julio Barahona Erazo	Chief of Army Personnel
Calm Jaime Munoz Jijon	Chief of Finances
Grab. Cesar Villacis Rueda	Director of Education
Grab. Carlos Calle Calle	Cabinet Chief
Grab Castulo Yandun Pozo	Commander of the 19-BS [Jungle Brigade] Napo
Grab. Eduardo Maldonado Arellano	Commander of the 1-BI [Infantry Brigade] El Oro

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Officer	Function
Grab. Jose Lascano Yanez	Commander of Brigade 11 Galapagos-Riobamba
Calm. Enrique Monteverde Nimbriotis	Commander in Chief of the Guayaquil Naval Squadron
Calm. Miguel Saona Roca	Director General of Transnave [Ecuadoran Naval Transport]
Calm. Fernando Donoso Moran	Director General of the Merchant Marine and the Littoral
Calm. Hector Ruilova Rios	Director of the Moran Valverde Naval College ##end##

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